



DEPARTMENT OF THE NAVY  
NAVAL SUPPLY SYSTEMS COMMAND  
5450 CARLISLE PIKE  
PO BOX 2050  
MECHANICSBURG PA 17055-0791

NAVSUPINST 4200.94  
SUP 21B1  
29 June 1999

NAVSUP INSTRUCTION 4200.94

Subj: DEPARTMENT OF NAVY (DON) POLICIES AND PROCEDURES FOR  
THE IMPLEMENTATION OF THE GOVERNMENTWIDE COMMERCIAL  
PURCHASE CARD PROGRAM (GCPC)

Ref: (a) FAR Part 13  
(b) DFARS Part 213

Encl: (1) List of Prohibited and Special Attention Items

1. Purpose. To provide DON guidance on policies and procedures regarding the use of the GCPC.
2. Cancellation. Chapters 6a, 6e (Interim) and Chapter 8 of NAVSUPINST 4200.85C.
3. Scope. This instruction applies to all DON activities using the GCPC.
4. Background. NAVSUPINST 4200.85C was written to implement and supplement the Federal Acquisition Regulation (FAR), the Defense Federal Acquisition Regulation Supplement (DFARS) and Navy Acquisition Procedure Supplement (NAPS). Chapters 6a, 6e and Chapter 8 provided guidance on the use of the purchase card.
5. Procedures. The procedures in this instruction are to be followed unless waived in accordance with paragraph eight below. This instruction should not be supplemented except for the use of local internal operating procedures which shall not conflict with the guidance provided herein.
6. Significant Changes. The following are the significant changes that are incorporated into this instruction.
  - a. Establishing that only Government employees may be designated purchase cardholders;
  - b. Redefining hazardous materials;
  - c. Guidance on ordering via the Internet;
  - d. Guidance on purchasing Foreign Military Sale (FMS) requirements using the purchase card;

0526-LD-011-3340

NAVSUPINST 4200.94  
29 June 1999

e. A requirement that Free-on-Board (FOB) pre-pay and add charges resulting from purchase card orders must be paid out of the procurement line of accounting;

f. New chapters on Letters of Agreements (LOAs) and Accommodation Check Accounts; and

g. A chapter dedicated to using the purchase card as a method of payment.

7. Request for Changes. Suggested changes to this instruction should be sent to the Commander, Naval Supply Systems Command (SUP 02) via the cognizant Head of Contracting Activity (HCA), Fleet Assistance and Support Team or Procurement Management Review Team. The suggested change must include a statement of the problem, the recommended solution and any necessary discussion. This information must be self-sustaining. Additional supporting information may be provided as enclosures.

8. Request for Waivers or Deviations. Request for waivers or deviations from this instruction are to be signed by the Chief of the Contracting Office for the applicable command or office and submitted to the Commander, Naval Supply Systems Command (SUP 02) via the cognizant HCA.

9. Action. This instruction is effective upon receipt.



T. E. TRUMP  
By direction

Distribution:  
Navy SUPARS

Copy to:  
SNDL C21; FKM27; NAVSUP 35C (5 Copies), 02 (60 Copies),  
04 (20 Copies), 09A, 09I, 91, 93 (5 Copies); NAVICP Mailroom  
(M0852)

## Table of Contents

Title	Page
Chapter 1 - General Policies and Procedures	
1. Scope	1-1
2. Policy	1-1
3. Definitions	1-2
4. Managing Purchase Card Programs	1-5
Delegation of Contracting Authority	1-5
Training Requirements	1-6
Establishing a Local Program	1-7
Cardholder's Contracting/Account Limits	1-8
Using the Purchase Card	1-9
Receipt and Acceptance of Supplies/Services	1-13
Using the Purchase Card	
Reconciling Purchase Card Accounts	1-13
Review of Local Programs	1-15
5. Financial Management Reqmts for Purchase Card	1-16
6. Transportation Considerations for Purchase Card	1-16
Attachment A to Chapter 1 - Internal Operating Procedures	
Attachment B to Chapter 1 - BCA Procedures	
Attachment C to Chapter 1 - Sample Manual Purchase Card Log	
Chapter 2 - Letters of Agreement	
1. Scope	2-1
2. Definitions	2-1
3. Policy	2-1
Attachment A to Chapter 2 - Sample Letter of Agreement	
Chapter 3 - Accommodation Checks	
1. Scope	3-1
2. Definitions	3-1
3. Policy	3-1
Chapter 4 - Use of the Governmentwide Purchase Card as a Payment Method	
1. Scope	4-1
2. General	4-1
3. Policy	4-2
Enclosure (1) - List of Prohibited and Special Attention Items	

## CHAPTER 1

### General Policy and Procedures

1. Scope. This chapter provides guidance on establishing and managing GCPC programs at DON ashore and afloat appropriated fund activities.

2. Policy. The purchase card shall be used to purchase supplies and services in accordance with FAR Part 13, DFARS Part 213, NAPS 5213, the General Services Administration (GSA) SMART PAY Contract(GS-23F-98006), this instruction, HCA instructions and local internal operating procedures.

The purchase card shall be used to buy and/or pay for all requirements under the micro-purchase threshold. The purchase card shall be used to purchase supplies and services up to \$2,500 and construction up to \$2,000. It must be used either as a procurement method or method of payment for micro-purchases. In cases where the card is not used to buy or pay for a micro-purchase, a written determination by a Senior Executive Service (SES), flag or general officer is required prior to accomplishing the purchase action. This determination may be redelegated to the senior local commander or director.

The purchase card shall not be used to buy safety/safety of flight, configuration control, weapon system related parts, sales, rental and lease of vehicles and classified requirements or other requirements that require written contract terms and conditions. However, the purchase card must be used to pay for orders issued for micro-purchase requirements issued for the classes of items identified above.

The purchase card may be used as a method of payment in conjunction with other contracting methods above the micro-purchase threshold. The purchase card may be used to order directly from Government required sources supply (i.e. GSA Wholesale Supply, Federal Prison Industries (FPI), Defense Automated Printing Service (DAPS), etc.). The purchase card may also be used for requirements not associated with FAR Part 13 requirements (i.e. training).

Purchase cardholders shall screen all requirements for their availability from the statutory sources. Those sources include FPI, the Javits-Wagner-O'Day (JWOD) program, and the Government Printing Office.

Cardholders shall not split requirements over the micro-purchase threshold to avoid the competition requirements or break down requirements merely to make several purchase card transactions. Splitting requirements in that manner is an improper use of the

purchase card. In addition, cardholders must rotate micro-purchase requirements among qualified suppliers to the maximum extent practicable.

The purchase card shall only be issued to Government employees or members of the Armed Forces. It is DON policy that ONLY Government employees or military members may be appointed contracting officers/purchase cardholders, delegated contracting authority and act as agents of the Government.

Purchase Card Reengineering Memorandum #6, issued by the Under Secretary of Defense on 20 July 1998, requires that Department of Defense (DOD)/DON activities using Electronic Commerce or Electronic Data Interchange systems (EC/EDI) that result in a more cost-effective payment process must develop a Business Case Analysis (BCA) for each system. The BCAs must compare the benefits and costs of the current system versus the use of the purchase card as a payment method. Waiver requests must be submitted for any operational requirement that precludes full implementation of the purchase card. Submittals should include a Point of Contact (POC), telephone number, description of the operational requirement and a complete assessment of the inability to use the purchase card. Detailed procedures for writing a BCA and requesting a waiver may be found at the end of this chapter.

The purchase card shall only be used for authorized U.S. Government purchases. Intentional use of the GCPC for other than official Government business will be considered an attempt to commit fraud against the U.S. Government and may result in immediate cancellation of an individual's purchase card and further disciplinary action. The cardholder will be held personally liable to the Government for the amount of any non-government transaction. Under 18 U.S.C. 287, misuse of the purchase card could result in a fine of not more than \$10,000 or imprisonment for not more than five years or both. Military members that misuse the purchase card may be subject to court martial under 10 U.S.C. 932, UCMJ Art. 132.

### 3. Definitions

a. Agency Program Coordinator (APC). The individual designated by the commanding officer or Head of Activity (HA) who shall have overall responsibility for the management, administration and day-to-day operations of the purchase card program at the activity.

b. Approving Official (AO). The individual responsible for reviewing and verifying the monthly purchase card statements of the cardholders under his/her purview. The AO must verify that all purchases were necessary and for official government purposes in accordance with applicable directives. Unless

NAVSUPINST 4200.94  
29 June 1999

otherwise specified, the AO must also be the Certifying Officer for his/her cardholder(s) and in that capacity must certify the monthly billing statement and forward it to the appropriate office for payment.

c. Billing Cycle. The billing cycle is the 30-day billing period during which cardholders may use their purchase card. For DON, the billing cycle ends on the 21<sup>st</sup> of the month.

d. Billing Cycle Purchase Limit. The spending limit assigned each cardholder's cumulative purchases and transactions within a given billing cycle.

e. Bulk funding. An advance reservation of funds where a commitment or obligation is recorded in the aggregate rather than by individual transactions.

f. Cardholder. Any Government employee who is designated by the HA or designee to be issued a purchase card or purchase card account. The purchase card bears the name/account number of this individual.

g. Commonly Used Hazardous Materials (HAZMAT). For the purpose of this instruction, commonly used HAZMAT means hazardous materials or products that are customarily sold to the general public to be used for non-governmental purposes (commercial products) which are in the same size and packaging found commercially and subject to procedures found later in this instruction. Examples of those materials or products include those required on a routine basis to meet daily operational needs; such as, lubricants, batteries, toner cartridges, detergents, etc.

h. Contracting Officer. Government employees who have the authority to bind the Government to the extent of their delegated purchasing authority. Purchase cardholders are provided that authority by their commanding officer or APC in writing by the issuance of a Letter of Delegation or SF 1402 Contracting Officer's Warrant.

i. Credit Limit. The maximum dollar threshold, assigned at the AO/billing level, limiting the amount an account can have outstanding at any one time. The bank automatically sets the amount at three times the corresponding billing account 30-day limit.

j. Disputes. Instances where transactions on the cardholder's statement do not agree with entries in the log or retained receipts. This may include circumstances where the cardholder did not make the transaction, the amount of the transaction is incorrect or the quality or service is an issue.

k. HCA. The official at one of the 23 DON components listed at DFARS 202.101 and NAPS 5202.101 (e.g. COMNAVSUPSYSCOM, COMNAVAIRSYSCOM, etc.) who has overall responsibility for managing contracting authority within his/her contracting chain of command. They are responsible for the delegation, redelegation and use of contracting authority including use of the purchase card by DON commands, DON activities and DON personnel under his/her contracting cognizance.

l. HA. For the purposes of this instruction, the HA is the military officer in command or the civilian executive in charge of the mission of a DON command or activity which has been granted contracting authority by the cognizant HCA. The HA has overall responsibility for managing the delegation and use of this authority by personnel under his/her command.

m. Purchase Card. The purchase card is the credit-card-like purchase account established with the bank that enables properly authorized Government personnel to buy and pay for supplies and services in support of official Government business.

n. Purchase Card Log. A manual or automated log in which the cardholder documents screening for mandatory government sources and individual transactions using the purchase card. Entries in the purchase card log should be supported by internal command documentation (i.e. request for procurement document, requisition, etc.).

The purchase card documentation should provide an audit trail supporting the decision to use the card and any required special approvals that were obtained.

o. Merchant Category Code (MCC). A four-digit code assigned to a participating purchase card vendor based on their industry classification. APCs can limit cardholder transactions by type of merchant by blocking out certain categories of vendors for use by activity cardholders.

p. Monthly Cardholders Statement. The statement of charges forwarded to the cardholder at the end of the billing cycle detailing all of the charges during that period.

q. Monthly Billing Statement. The monthly billing statement is the official invoice for payment purposes which is provided to the AO. The billing statement identifies all of the purchase card transactions of his/her cardholders during a billing cycle.

r. Services. For the purposes of this instruction, services are firm-fixed priced (including unpriced orders with an established ceiling), non-personal, commercially available

NAVSUPINST 4200.94  
29 June 1999

requirements in which the Government directly engages the time and effort of a contractor to perform a task (e.g. repairs, maintenance, annual maintenance agreements, etc.).

s. Single Purchase Limit. The dollar threshold assigned to each cardholder for a single transaction.

t. Reconciliation. The process by which the cardholder and AO review the monthly statements, reconcile against available vendor receipts and purchase card log and authorize payment of those charges provided on the monthly billing/cardholder statements.

u. Transaction Type. The transaction type is the method by which an order is placed when using the purchase card. Purchase card buys may be made over-the-counter, over-the-phone or via the internet.

#### 4. Managing Department of Navy Purchase Card Programs

a. Delegation of Contracting Authority. Prior to establishing a local DON Purchase Card Program, activities must obtain a grant or delegation of authority to operate a purchase card program. The delegation should be accomplished in accordance with the guidance provided below;

(1) By the HCA. All DON activities must obtain a delegation of contracting authority, in accordance with the cognizant HCA's procedures, prior to local implementation of the purchase card program.

(2) By the HA. The HA shall personally delegate contracting authority to each potential cardholder, or shall delegate to one individual within the activity (e.g. the APC) the right to redelegate contracting authority to cardholders within the activity.

(3) Delegation Document. A Letter of Delegation or SF 1402 (Certificate of Appointment) shall be used to delegate micro-purchase authority or authority to use the purchase card as a method of payment under \$2,500. In addition, the SF 1402 must be used to delegate cardholders the authority to use the purchase card above the micro-purchase threshold as provided in this instruction. Each Letter of Delegation or SF 1402 shall specify the following information; single purchase limit (for open market and government sources of supply), billing cycle purchase limit, transaction type, and limits, if any, on use as a method of payment.

In addition, activities should establish local procedures for nominating and appointing APCs and AOs. As a minimum, the

procedures should include furnishing each APC and AO with a letter of delegation outlining the duties and responsibilities of each position.

(4) Establishing Appropriate Authority. It is the responsibility of the APC to ensure that each AO and cardholder has an appropriate grant of authority to satisfy mission requirements. Cardholder accounts should be established which recognize applications for the card other than for micro-purchases (i.e. DAPS, training, method of payment). The cardholder limit should reflect the variety of use accordingly. In addition, cardholders and AOs should be made aware of account limits and be aware of procedures to revise account limits as functions change.

b. Training Requirements

(1) Prior to the issuance of a purchase card, all prospective cardholders and AOs must receive training in DON policies and procedures as well as local internal operating procedures. In addition, refresher training on current DON policies and procedures and local internal operating procedures is required at least every two years. This will ensure that cardholders and others involved in the process are aware of and in compliance with current DON policies, procedures and internal operating procedures.

(2) In addition, the APC, prospective cardholders and AOs must successfully complete at least one of the following;

(a) Navy/Marine Corps Purchase Card Training and Interactive Customer assistance CD ROM;

(b) Navy/Marine Corps Purchase Card Interactive Tutorial (web-based);

(c) NAVSUP Commercial Purchase Card Course for Micropurchasers;

(d) A cognizant HCA approved purchase card course that contains the minimum requirements/curricula covered in the NAVSUP Commercial Purchase Card Course for Micropurchasers.

(3) Individuals who have taken one of the following courses have satisfied the training requirements and are not required to complete any of the training discussed in paragraph (2) above.

(a) NAVSUP Simplified Acquisition Course;

(b) CON 101, Contracting Fundamentals or CON 202, Intermediate Contracting or equivalent predecessor courses (NAVSUP Simplified Acquisition Course).

c. Establishing a Local Program

(1) Procedure. Activities wishing to establish a local purchase card program should coordinate their request through their DON major claimant POC or Level 4 (as identified within the bank hierarchy) before sending their request to the bank.

(2) Internal Operating Procedures (IOP). Prior to establishing a local program, commands should develop written internal operating procedures for the use of the purchase card program by activity personnel. Each activity is responsible for establishing its own procedures; however, development and implementation of the payment procedures should be coordinated with the supporting Defense Finance and Accounting Service (DFAS) Operating Location (OPLOC). All procedures must be within the scope of the terms and conditions of the GSA contract and must comply with all the procedures for and restrictions on the use of the card in this instruction. Sample procedures, that may be tailored to the activities' requirements can be found at the end of the chapter. The internal operating procedures, as a minimum, must address the issues listed below:

(a) Designation of offices/personnel involved in the program with associated duties:

1. APC
2. AO
3. Cardholder
4. Designated billing office
5. Comptroller.

(b) The IOP should include specific guidance on the internal command processes for:

1. The purchase request process
2. Screening/documentation requirements
3. Solicitation and award procedures
4. Receipt inspection and acceptance of supplies/  
services.

5. Any special processing requirements necessary to ensure appropriate obligation and expenditure of fiscal year end funds

6. Reconciliation, verification and certification of the cardholder's statement and official invoice

7. Maintenance and retention of purchase card records

8. Restricted purchases.

d. Cardholder's Contracting and Account Limitations

(1) Single Purchase Limit. Each cardholder's purchase card account and delegation of authority document shall include a single purchase limit, a limit for the use of the purchase card as a method of payment (in accordance with Chapter 4 of this instruction if applicable) and a limit for all other uses as prescribed by this instruction (i.e. training, DAPS, etc) limited to the command's/activity's authorized contracting authority. Within the limitations described below, the HA (or his/her designee) may delegate the single purchase limit in increments of \$50. Normally this will be \$2,500 for cardholders limited to using the card as a procurement method. The single purchase limit when using the card with government sources of supply or as a method of payment for properly issued simplified acquisitions is \$100,000; (\$5 million for commercial items including options; using the procedures of FAR 13.5, i.e. purchase orders, Blanket Purchase Agreement (BPA) calls) and \$9,999,000 for orders issued against GSA schedule contracts.

The purchase card may be used as a method of payment for properly issued delivery orders issued against indefinite delivery type contracts up to \$9,999,000. See Chapter 4 of this instruction for policies, procedures and specific threshold guidance for using the purchase card as a method of payment.

(2) Billing Cycle Purchase Limit (30-Day limit). Each cardholder's account and delegation of authority shall include his/her billing cycle purchase limit. The billing cycle limit may be assigned in increments of \$100 up to \$9,999,000.

(3) MCC. A four-digit code assigned to a participating MasterCard vendor based on their industry classification. Each cardholder's account shall be coded to identify the types of merchants from whom the cardholder is authorized to make purchases.

(4) Transaction Type. The cardholder's account and

NAVSUPINST 4200.94  
29 June 1999

delegation of authority shall identify the transaction type authorized (i.e., over-the-counter, telephone orders or via the internet).

e. Using the Purchase Card

(1) Prior to making an award, the cardholder must;

(a) Ensure that sufficient funds are committed by the financial manager and available to accomplish the transaction. Activities should, to the maximum extent practicable, minimize the steps for funds certification and approvals. If the activity can ensure funds certification and approval for specific purchases or classes of purchases (i.e. office supplies, information technology, etc.) a formal purchase request is not required.

(b) Screen all requirements for their availability from the statutory sources of supply (i.e. JWOD/UNICOR) and (enclosure 1). Cardholders shall document the manual or automated purchase card log with evidence of screening performed.

(c) Document the solicitation information (price and delivery quotation) received from the contractor. This can be accomplished on a telecon record, buyer's abstract or the purchase card log. A sample log showing the minimum required documentation is found at the end of this chapter.

(d) Evaluate the price to determine if it is fair and reasonable. If the quoted price is fair and reasonable, the cardholder should proceed with the purchase of the supplies or services.

(2) Making an award with the purchase card may be accomplished as follows;

(a) Over-the-counter. The cardholder can go to the vendor's location or place of business to make the purchase.

(b) Over-the-phone. The cardholder can call the vendor and order the supplies. The contractor can then deliver the supplies or prepare the order for government pickup if authorized.

(c) Via the internet. Cardholders may place orders via the internet if authorized by their commands. When purchasing/ordering via the internet, cardholders should ensure that appropriate account safeguarding measures are taken. User identification, authentication and encryption of data are

important factors in safeguarding cardholder information. Cardholders should consider using a browser with automatic encryption capability (e.g., MS IE 4.X or NETSCAPE 4.X). The user should comply with the authentication and identification requirements (passwords, identification, PIN #, etc.) required by the commercial vendor from whom the cardholder is acquiring the supplies.

(3) Whether the purchase is made over-the-counter, over-the-phone or via the internet, the following applies:

(a) Regardless of the method in which the cardholder uses their purchase card, the cardholder is responsible for safeguarding the security of his/her purchase card and account information. The card bears the cardholder's name and may only be used by him/her to purchase authorized supplies or services in accordance with this instruction, the GSA SMARTPAY Contract, the activity's internal operating procedures and the cardholder's delegation of contracting authority.

(b) In order to protect the integrity of the process, a minimum two way separation of functions is required when using the purchase card (i.e. one person making the purchase and one person accepting and receiving the supplies or services). If the cardholder is picking up the material at the contractor's location, the end user or designated receiving personnel should sign for final receipt. In the event the cardholder is the end user, another designated individual must sign the receipt.

If a second individual will not be available, the activity should have some process to ensure the integrity of the process (i.e. obtaining the AO's approval in advance, etc.).

(c) Merchants should be instructed not to charge sales tax, unless the location of the merchant's business is in a state that does not afford the federal government a tax-exempt status under its state and local laws (e.g. Arizona, Hawaii).

(d) The cardholder shall ensure that any fee paid by the merchant is not added to the price of the items (except in overseas locations).

(e) The cardholder should remind the vendor that his/her purchase card account may not be billed until after the material has been shipped or service provided.

(f) Back ordering or delivering partial quantities should be avoided. If an item must be back ordered or a partial quantity accepted the merchant must agree to only bill for the actual quantity shipped.

NAVSUPINST 4200.94  
29 June 1999

(g) For ease of reconciliation, cardholders should ensure that all items are delivered or picked up within the same billing cycle.

(h) Cardholders shall retain any documentation received from the vendor as this will later be used to verify the transactions shown on the cardholder statement. This may include a charge slip, cash register receipt, packing list, etc. If for some reason, the cardholder does not have documentation of the transaction, an explanation will need to be attached to the statement during the reconciliation process. In addition, APCs, AOs and cardholders must maintain purchase-related records (e.g. purchase card logs, requisitions, etc) for a minimum of 3 years and financial records (e.g. invoices, statements, etc) for 6 years and 3 months.

(4) Ordering JWOD Products from Servmart. Lions Clubs manage many base servmarts. However, not all products sold in servmarts are JWOD or UNICOR products. Cardholders may fill emergent needs through servmarts within the following purchase thresholds. If the purchase/order is solely for JWOD/UNICOR products, cardholders may use their cards up to \$100,000. However, if the purchase or order is not UNICOR or JWOD or when the order is mixed between commercial items and UNICOR and JWOD items, the threshold for purchases is \$2,500.

(5) Ordering from Non-Appropriated Fund Instrumentality (NAFI) and Exchanges. Cardholders are authorized to procure from NAFI/Morale, Welfare and Recreation (MWR) organizations. Prior to ordering from NAFI/MWR organizations, cardholders must screen the requirements from the mandatory government sources of supply. Supplies and services from the exchanges or NAFIs are not considered agency inventories for the purpose of this procedure. Contracting with NAFIs/exchanges does not automatically establish price reasonableness. Cardholders should independently determine the prices found at the NAFI/exchange fair and reasonable. The rules for using NAFI/exchanges Outside Continental United States (OCONUS) have not changed. Cardholders should be aware of the following limitations on contracting with OCONUS NAFI/exchanges:

(a) The supplies provided shall be from stock of the exchange on hand as of the date of the order; and

(b) The order may not provide for the procurement of services not regularly provided by the exchange.

(6) Ordering Procedures for Unique Requirements

(a) DON activities shall use the ordering procedures identified below when using the purchase card for the following requirements:

1. Gasoline or oil for DON-owned aircraft.

Cardholders may not use their card to procure gasoline and oil for DON vessels and vehicles unless the requirement falls within the following criteria: Continental United States (CONUS)/ Alaska locations- less than 10,000 gallons required annually and overseas/Hawaii- less than 20,000 gallons required annually. These amounts are beneath the ceiling provided for in the Contract Bulletins issued by Defense Fuel Supply Command (DFSC). Requirements over the established amounts shall be procured by DFSC.

2. Hazardous Materials. Except for those

materials defined as commonly used hazardous materials in paragraph (h) (definitions) where the purchase card is used as a stand-alone method of procurement, HAZMAT shall not be purchased. Purchases of commonly used HAZMAT shall comply with the following procedures:

a. The end user/cardholder must comply with established local base or activity procedures for the procurement and use of HAZMAT. Such procedures shall, at a minimum, require screening the requested material against the activity's Authorized Use List (AUL) and approval by the designated HAZMAT official of a contractor-provided Material Safety Data Sheet (MSDS). (The cardholder shall not procure materials not listed on the activity AUL).

b. The cardholder must obtain pre-award approval by submitting a copy of a current contractor-provided MSDS along with the purchase request to the designated HAZMAT official. If the product is not on the activity AUL, the cardholder must process the requirement through the Safety and Environmental Office.

c. The cardholder shall make available the appropriate MSDS to the product user.

d. The cardholder shall notify the HAZMAT coordinator of receipt of hazardous materials.

e. If the HAZMAT official approves the purchase, the cardholder should instruct the vendor that change in the material approved under this purchase is not permitted and the shipping container must be labeled in accordance with direction in the Hazard Communication Standard (29CFR 1910.1200 et. seq.).

3. Unpriced services. Unpriced services may be

obtained using the purchase card when the cardholder can

NAVSUPINST 4200.94  
29 June 1999

establish, in communication with the vendor, a ceiling price that will not be exceeded by the contractor. This authority is limited to services in which the commercial marketplace sets the market prices for services and those market prices are identified in the cardholder documentation along with the established ceiling price (e.g. copier repair, fax machine repair, etc.).

4. FMS. Cardholders may use the purchase card to procure supplies and services in support of FMS programs. The procedures for using FMS case funds in conjunction with the purchase card is as follows:

a. Material purchased must be tracked to a specific FMS requisition or country/case/document number in an authorized accounting system, and

b. Proof of shipment must be documented to support possible Supply Discrepancy Report processing.

f. Receipt and Acceptance of Supplies/Services Using the Purchase Card. It is the cardholder's responsibility to verify receipt of all transactions. Where the purchase cardholder is billed but does not receive the supplies or services at the time of the receipt of the official invoice, the cardholder must fully certify the invoice with the anticipation that confirmation of receipt will occur within the next billing cycle. If the supplies or services are not received within the next billing cycle the cardholder must dispute the item using established dispute procedures. In addition, the cardholder must also certify that the quantity and quality of the items furnished are in accordance with the agreement with the vendor. If receipt documentation is not available, the cardholder must contact the end user, central receiving department or other person(s) responsible for receipt to obtain verification that the supplies or services have been received. The purchase card log or purchase file documentation must be annotated to indicate that proper receipt and acceptance has been accomplished.

g. Reconciling Purchase Card Accounts

(1) Invoice Certification. Reconciliation procedures may vary due to program requirements existing at individual commands. However, as a minimum, commands should ensure that their procedures comply with established bank procedures, this instruction and procedures promulgated by Assistant Secretary of the Navy (Financial Management & Comptroller).

(a) Cardholder. At the end of each monthly billing cycle, the cardholder shall reconcile the transactions appearing on his/her monthly statement by verifying their accuracy against cardholder records. The cardholder shall review all information

on the monthly statement, verifying changes, credits, outstanding disputes and refunds within five days of receipt. If the cardholder fails to review the monthly statement, including annotating any discrepancies, disputing improper charges, or signing and forwarding it to the AO or designated alternate within the five day period, the AO or designated alternate shall presume that all charges are proper and certify the monthly invoice for payment.

The purchase cardholder must notify the AO in writing within five days of receipt of the monthly statement if there are discrepancies in the statement. The cardholder is ultimately responsible for purchase card transactions being proper and for notifying the AO of any information he/she has knowledge of that impacts on the propriety of certifying the monthly invoice for payment. If transactions or credits are not included on the current statement, the cardholder must retain the applicable documentation until the transaction or credit appears and can be reconciled. The cardholder must then sign the statement, attach all supporting documentation and forward the package to their AO or designated alternate.

If the cardholder is unable to review the statement at the time it is received, the AO, designated alternate or APC is responsible for reviewing and certifying the cardholder's monthly statement. The cardholder, upon his/her return, reviews the monthly statement and resolves any discrepancies with the AO.

(b) AO. The AO is responsible for ensuring that all purchases made by the cardholder(s) within his/her cognizance were appropriate and the charges are accurate. He/she must resolve all questionable purchases with the cardholder. In the event an unauthorized purchase is detected, the AO must notify the APC and other appropriate personnel within the command in accordance with the command IOP. After review, the AO will sign the cardholder's monthly statement of account and maintain the documentation in accordance with agency procedures. In addition, the AO is also responsible for certifying the monthly invoice resulting from the purchases/transactions of the cardholders within his/her account structure.

The AO is responsible for reviewing and certifying the monthly purchase card invoice within five days of receipt from the cardholder and forwarding it to the appropriate DFAS OPLOC or billing office. As the certifying officer the AO is responsible for timely certification of the monthly invoice. The AO is to presume that all transactions on the monthly statement are proper unless notified in writing by the purchase cardholder within five days from the cardholder's receipt of his/her monthly statement. The presumption does not relieve the AO from

NAVSUPINST 4200.94  
29 June 1999

reviewing for blatant improper purchase card transactions and taking the appropriate action prior to certifying the invoice for payment.

h. Review of Local Programs

(1) Internal Review. Semi-annual reviews of the activity purchase card program must be accomplished to ensure that adequate local internal controls are in place. The integrity of the local program depends on the APC or designee performing a semi-annual review of the activity purchase card program. The review should consist of an evaluation of local operating procedures to ensure that cardholders and AOs are operating within the prescribed command controls. A report of the review should be submitted to the organizational APC (if performed by other personnel) who should initiate appropriate action as necessary to improve the local program or correct specific problem areas.

The following areas must be covered in any Purchase Card Program Review:

- (a) Review of internal operating procedures to ensure compliance with current DOD/DON regulations and directives;
- (b) Program compliance with applicable training requirements;
- (c) Appropriate delegations of authority;
- (d) Integrity of purchase request process;
- (e) Compliance with micro-purchase procedures;
- (f) Receipt, inspection and acceptance procedures;
- (g) Invoice certification process;
- (h) Prompt payment procedures;
- (i) Internal procedures to resolve disputes and monitor command delinquencies;
- (j) Procedures to review Letters of Agreement (LOAs) and orders against LOAs; and
- (k) Use of the purchase card as a payment method.

(2) HCA Review. The HCA or designee who granted contracting authority shall review the command level programs as

part of the Procurement Management Review Program.

5. Financial Management Requirements for Use of the Purchase Card

a. Funding requirements. DON activities shall bulk fund all purchase card transactions in accordance with the USD(C) Purchase Card Reengineering Memorandum #3: Streamlined Financial Management Procedures dated 27 March 1997. The USD(C) has authorized an exception from bulk funding to DON activities with electronic interfaces between their purchase card management/reconciliation system, accounting system and the bill paying system (i.e. CITIDIRECT).

b. Certifying Officers. DON activities participating in the GCPC program may nominate and appoint AOs as certifying officers in accordance with Purchase Card Reengineering Memorandum #1: Certifying Officer Guidance dated 17 October 1996. Within five days of receipt, the AO shall review and approve the monthly cardholder statements, as well as review and certify for payment the monthly billing statement which is a summary invoice of all transactions of the cardholders established under the AO's account.

DON organizations wishing to centralize certification of the monthly billing statements shall submit requests via their major command with a copy to NAVSUP (Code 02), to Assistant Secretary of the Navy for Financial Management and Operations who will review and validate requests for waiver to the DOD Policy. Approved requests will be forwarded to the USD(C) for final approval. The centralizing of the certification process does not eliminate invoicing at the AO level or the requirement for AOs to review the statements of cardholders under their purview.

c. Pay and Confirm. DON activities operating a purchase card program shall as part of their financial management program institute pay and confirm procedures. Pay and confirm procedures are used in instances where cardholders have been billed and have not received the items ordered. The cardholder shall pay the invoice in full in anticipation that the supplies will be received within the next billing cycle. If the supplies are not received within the next billing cycle, the cardholder will then dispute the item using established dispute procedures. Pay and confirm procedures also include damaged items received which are still under warranty, where the contractor confirms he/she will replace, modify or repair within the next billing cycle.

6. Transportation Considerations When Using the Purchase Card

a. Transportation Terms

NAVSUPINST 4200.94  
29 June 1999

(1) Free-on-Board (FOB) Destination. FOB destination means the vendor pays the cost of transportation and includes it in the cost of the item. Cardholders should attempt to obtain FOB destination shipment terms.

(2) FOB Origin. FOB origin or pre-pay and add means the contractor bills for shipping and adds the cost as a separate line item. Cardholders should not accept FOB origin terms. In cases where the cardholders must accept FOB origin terms, any transportation charges will be paid from the procurement line of accounting.

b. CONUS Shipments. (Vendor Receiving and Expediting Program (VREP))

(1) When a contractor within CONUS is shipping material, the contractor should be advised to include the following information on the shipping label:

(a) Complete MARK FOR address including the cardholder's UIC, address and departmental name or code for which the material is being procured;

(b) Requisition/order number or other reference number provided by the cardholder; and

(c) Merchant's name and address.

(2) Additionally, a shipping document or packing slip should be included in each package with the following information:

(a) Merchant's name and address;

(b) Date of order;

(c) Requisition number/job order number or other reference number provided by the cardholder;

(d) Date of delivery or shipment;

(e) Itemized list of supplies furnished, including quantity;

(f) Cardholder's name, code and phone number; and

(g) Complete MARK FOR address including UIC and address of end user.

c. Required Shipping Information when Material is for a U.S. Navy Ship, Navy Mobile Unit or Overseas Activity. The preferred method for the shipping of purchase card procured

material overseas is the U.S. Postal Service (USPS) and the purchaser's fleet post office (FPO) address. If shipment is not made via USPS, cardholders are strongly encouraged to use the Defense Transportation System (DTS). The following information should be provided for the applicable transportation method;

(1) When material is being shipped via USPS, the following information should be included on the shipping label:

(a) Complete MARK FOR address including the cardholder's UIC, FPO address and departmental name or code for which the material is being procured.

(b) Requisition/order number, Transportation Control Number (TCN) or other reference number provided by the cardholder; and

(c) Merchant's name and address.

(2) If the procured item is shipped via the DTS (i.e. using the Air Mobility Command (AMC) Channel missions or scheduled sealift container services to overseas destinations), the purchaser must provide the following information for the merchant to place on the shipping label:

(a) Complete MARK FOR address, including the cardholder's UIC, FPO address and departmental name or code of the activity for which the material is being procured.

(b) TCN (which normally consists of the procuring activity's requisition number, and three character MILSTAMP suffix), requisition number (if not provided in TCN), order number or other reference number assigned by the cardholder;

(c) Transportation Account Number (TAC). The TAC utilized for purchase card procured material through DTS is N820, a Navy Service-Wide Transportation First Destination TAC. The use of TAC N820 is strictly limited to the movement of purchase card procured material items from a MILSTAMP designated Aerial or Water Port of Embarkation (APO/WPOE) to a cardholder activity when the activity is overseas, including deployed ships or mobile units. This TAC shall not be used for payment of transportation charges for domestic (including Alaska, Hawaii or Puerto Rico) shipments. The funding account paying for the purchase will pay for any associated transportation charge that has been added by the vendor. Its use is strictly limited to the movement of a purchase card procured item from a MILSTAMP-designated APOE/WPOE to a cardholder activity when the activity is overseas including deployed ships and mobile units. It shall NOT be used for payment of transportation charges for domestic (including Alaska, Hawaii and Puerto Rico) shipments;

NAVSUPINST 4200.94  
29 June 1999

(d) Transportation Priority (TP) and Required Delivery Date (RDD). TP1 and TP2 for air shipments via AMC and TP3 for surface (container) shipments. If the RDD is not cited in a TP1 or TP2 shipment, the material will be diverted to a surface (water) carrier in accordance with MILSTAMP policy. An appropriate three digit Julian date or MILSTAMP RDD for the coinciding TP is to be used (i.e. TP1/999,TP1/NO5,TP2/777, etc.);

(e) The shipping label should also include:

Merchant's name and address;

Consignee/SHIP TO address (DTS transshipment point). Items will be consigned to one of the following transshipment points for entry into the DTS:

(f) For material entering a DTS Port of Embarkation (POE) on the east coast (i.e. Norfolk Naval Air Terminal or Norfolk Water Freight Terminal), consign and label as follows:

SHIP TO: N45750  
VREP CONTRACTOR  
TCN/TAC/TP/RDD/MARK For UIC\*\*  
8349 AIR CARGO ROAD  
BUILDING LP-117  
NAVAL AIR STATION  
NORFOLK, VA 23511-4496

\*\* Example: V1234583300100XXX/820/TP2/777/V12345

(g) For material entering a DTS POE on the west coast, consign and label as follows:

SHIP TO: DDJC CCP W62N2A  
TCN/TAC/TP/RDD Mark for UIC\*\*  
Defense Distribution Depot  
San Joaquin Sharpe Site  
CCP Operations Bldg 208 (B-1) Sec 6

700 East Roth Rd  
French Camp, CA 95231

\*\* Example: R54321-8330-0100XXX/820/TP2/R5432

For any items that may require special handling, (e.g. temperature controlled or signature service), contact the Naval Transportation Support Center Fleet Locator at 757-444-7381/ DSN 564-7381 for shipping and routing information.

Advance notification of the information contained in paragraph 6c above should be forwarded via letter or Naval message by the cardholder to the appropriate transshipment point to ensure proper routing upon material receipt and to preclude frustration of material:

d. Regardless of which method of shipping is utilized, the vendor must include a packing slip inside each shipment with the following information:

- (1) Merchant's name and address;
- (2) Date of order;
- (3) Date of delivery or shipment;
- (4) Itemized list of supplies furnished, including quantities;
- (5) MARK FOR address, including UIC, FPO address of the activity for which the material is being procured;
- (6) Requisition number or other reference number issued by the procuring activity

LOCAL INTERNAL OPERATING PROCEDURES FOR USE WITH THE  
GOVERNMENT PURCHASE CARD PROGRAM

(SAMPLE)

1. General

a. The DON has issued a Task Order (#0003) under the GSA SMARTPAY Contract (#GS-23F-98006) to obtain purchase card services from CitiBank. These internal operating procedures provide guidance on the appropriate use of the purchase card by **(insert name of command)** personnel.

The policy of **(insert name of command)** is to use the purchase card for all supplies and services at or below the micro-purchase threshold (\$2,500) as either a procurement method or a method of payment. All purchases must be accomplished in accordance with FAR Part 13, DFARS 213, NAPS 5213, NAVSUPINST 4200.94, the GSA contract and this internal operating procedure.

**(Insert name of command)** purchase cardholders shall only use the purchase card for authorized purchases in accordance with this internal operating procedure.

b. Definitions

(1) APC. The individual designated by the Commanding Officer or HA who shall have overall responsibility for the management, administration and day to day operations of the purchase card program at the activity.

(2) AO. The individual responsible for reviewing and verifying the monthly purchase card statements of the cardholders under his/her purview. The AO must verify that all purchases were necessary and for official government purposes in accordance with applicable directives. Unless otherwise specified the AO must also be the Certifying Officer for his/her cardholder(s) and in that capacity must certify the monthly billing statement and forward it to the appropriate office for payment.

(3) Billing Cycle. The billing cycle is the 30-day billing period cardholders may use their purchase card. For DON the billing cycle ends on the 21<sup>st</sup> of the month.

(4) Billing Cycle Purchase Limit. The spending limit assigned each cardholder's cumulative purchases and transactions with a given billing cycle.

NAVSUPINST 4200.94  
29 June 1999

(5) Bulk funding. An advance reservation of funds where a commitment or obligation is recorded in the aggregate rather than by individual transactions.

(6) Cardholder. Any Government employee who is designated by the HA or designee to be issued a purchase card or purchase card account. The purchase card bears the name/account number of this individual.

(7) Commonly Used HAZMAT. For the purpose of this instruction, commonly used HAZMAT means hazardous materials or products that are customarily sold to the general public to be used for non-governmental purposes (commercial products) which are in the same size and packaging found commercially and subject to procedures found later in this instruction. Examples of those materials or products include those required on a routine basis to meet daily operational needs; such as, lubricants, batteries, toner cartridges, detergents, etc.

(8) Contracting Officer. Government employees who have the authority to bind the Government to the extent of their delegated purchasing authority. Purchase cardholders are provided that authority by their commanding officer or APC in writing by the issuance of a Letter of Delegation or SF 1402 Contracting Officer's Warrant.

(9) Credit Limit. The maximum dollar threshold assigned at the AO/billing level limiting the amount an account can have outstanding at any one time. The bank automatically sets the amount at three times the corresponding billing account 30 day limit.

(10) Disputes. Instances where the transactions on the cardholder's statements do not agree with entries in the log or retained receipts. This may include circumstances where the cardholder did not make the transaction, the amount of the transaction is incorrect or the quality or service is an issue.

(11) HCA. The official at one of the 23 DON components listed at DFARS 202.101 and NAPS 5202.101 (e.g. COMNAVSUPSYSCOM, COMNAVAIRSYSCOM, etc.) who has overall responsibility for managing contracting authority within their contracting chain of command. They are responsible for the delegation, redelegation and use of contracting authority including use of the purchase card by DON commands, DON activities and DON personnel under his/her contracting cognizance.

(12) (HA). For the purposes of this instruction, HA is the military officer in command or the civilian executive in charge of the mission of a DON command or activity that has

been granted contracting authority by the cognizant HCA and has overall responsibility for managing the delegation and use of this authority by personnel under his/her command.

(13) Purchase Card. The purchase card is the credit-card-like purchase account established with the bank that enables properly authorized Government personnel to buy and pay for mission requirements.

(14) Purchase Card Log. A manual or automated log on which the cardholder documents screening for mandatory government sources and individual transactions using the purchase card. Entries in the purchase card log should be supported by internal command documentation.

The purchase card documentation should provide an audit trail supporting the decision to use the card and any required special approvals that were obtained.

(15) MCC. A four-digit code assigned to a participating purchase card vendor based on their industry classification. APCs can limit cardholder transactions by type of merchant by blocking out certain categories of vendors for use by activity cardholders.

(16) Monthly Cardholders Statement. The statement of charges forwarded to the cardholder at the end of the billing cycle detailing all of the charges during that period.

(17) Monthly Billing Statement. The monthly billing statement is the official invoice for payment purposes which is provided to the AO. The billing statement identifies all of the purchase card transactions of his/her cardholders during a billing cycle.

(18) Services. For the purposes of this instruction, services are firm fixed priced (including unpriced orders with an established ceiling), non-personal, commercially available requirements in which we directly engage the time and effort of the contractor to perform a task. (e.g. repairs, maintenance, annual maintenance agreements, etc.).

(19) Single Purchase Limit. The dollar threshold assigned to each cardholder for a single purchase/payment action.

(20) Reconciliation. The process by which the cardholder/AO review their monthly statements, reconcile against available vendor receipts and purchase card log and authorizes payment of those charges provided on the monthly statement.

NAVSUPINST 4200.94  
29 June 1999

(21) Transaction Type. The transaction type is the method by which an order is placed when using the purchase card. Purchase card buys may be made over-the-counter, over-the-phone or via the internet.

c. Designation of offices under Purchase Card Program (This paragraph should be tailored to the specific command circumstances)

(1) APC. (Insert local responsibilities of APC). As a minimum, the specific duties should include management and oversight of local program.

(2) AO. Include as a minimum, duties as Certifying Officer and requirement to review cardholder's monthly purchase card statements.

(3) Cardholder. Person authorized to use the purchase card to buy/pay for supplies or services.

(4) Designated Billing Office. Designated DFAS OPLOC (Insert supporting OPLOC).

(5) Comptroller. Financial/Comptroller person responsible for managing command funding. Comptroller and APC should work together to ensure funds approval process is streamlined to the maximum extent practicable. In addition, comptroller and APC must coordinate efforts to establish account limits for AOs and cardholders.

## 2. Establishing Local Accounts

a. The APC for **(insert name of command)** is Mr./Ms./Mrs XXXXX XXXXXX. He/she is the command POC for providing management and over-sight for the **(insert name of command)** Purchase Card Program. In addition, he/she is the command POC for establishing purchase card accounts.

(1) Prior to establishing purchase card accounts for local command personnel the APC will ensure that the prospective cardholder has received proper training in;

- Standards of conduct
- DON purchase card training (CD ROM/classroom training/etc)
- Internal operating procedures.

(2) Personnel wishing to become purchase cardholders

shall;

- Provide a request to the APC (Identifying any required account limits)
- Attend DON required training including training on local procedures (Contact APC for internal training requirements)
- Obtain a Letter of Delegation or Contracting Officer's warrant (SF 1402) from the APC

b. Cardholder Account Limits. Use of the purchase card at **(insert command name)** is subject to a single purchase limit normally \$2,500, a monthly cardholder limit and a monthly office limit. The purpose of these dollar limits is as follows;

(1) Single Purchase Limit. The single purchase limit is a limitation on the purchase authority delegated to the purchase cardholder by the HA (or designee). This dollar limit cannot be exceeded unless a revised delegation of authority is issued to the cardholder raising his/her limit.

(2) Billing Cycle Purchase Limit. The billing cycle cardholder limit is the spending limit assigned the purchase cardholder's cumulative purchases in a billing cycle.

(3) Billing Cycle Office Limit. The monthly billing cycle office limit is the limit assigned the AO for the cumulative totals of the purchase cardholders reporting to them.

### 3. Internal Processes

a. Purchase Request Process. **(Insert command name)** cardholders shall ensure that sufficient funds are committed by the financial manager and available to meet the requirement of the purchase card action. (If there is additional local command policy insert the local command policy here. As a minimum the local command policy should provide AOs/purchase cardholders guidance on how to obtain funding approvals.)

b. Screening. **(Insert command name)** purchase cardholders are required to screen all requirements from the statutory sources of supply (e.g., JWOD/UNICOR). In addition, the screening must be documented on manual or automated log. **(Insert any command specific screening requirements in applicable)**

#### c. Solicitation and Award Procedures

(1) Solicitation Procedures. **(Insert name of command)** purchase cardholders are authorized to use the purchase card

NAVSUPINST 4200.94  
29 June 1999

either over-the-counter, over-the-phone or via the internet (APC can limit to one or authorize all). Quotations of price and delivery for mission requirements shall be obtained from contractors and documented in the manual or automated log. (See sample).

(2) Award Procedures. **(Insert name of command)** purchase cardholders shall only award purchase card orders to responsible contractors who offer fair and reasonable prices. In addition, all purchase card awards shall be documented on the purchase cardholders log (either manual or automated).

d. Receipt and Acceptance Procedures. **(Insert name of command)** purchase cardholders are responsible for verifying receipt of all transactions. Where the purchase cardholder is billed but does not receive the supplies or services at the time of the receipt of the official invoice, the cardholder must fully certify the invoice with the anticipation that confirmation of receipt will occur within the next billing cycle. If the supplies or services are not received within the next billing cycle the cardholder must dispute the item using established dispute procedures. The cardholder must also certify that the quantity and quality of the items furnished are in accordance with the agreement with the vendor. The cardholder must save all receipt documentation in order to properly reconcile the purchase card statement at the end of the billing cycle.

If receipt documentation is not available, the cardholder must contact the end user, central receiving department or other person or persons responsible for receipt to obtain verification that the supplies or services have been received. The purchase card log or purchase file must be documented to indicate that proper receipt and acceptance has been accomplished. **(Activity should insert any specific local receipt and acceptance guidance here)**

e. Missing Documentation. If for some reason the cardholder does not have documentation of the transaction to send to the AO, he/she must attach an explanation that includes a description of the item, the date purchased, the merchants name and why there is no supporting documentation.

f. Reconciling Purchase Card Accounts

(1) Purchase Cardholders. **(Insert command name)** purchase cardholders shall at the end of each billing cycle (the 21<sup>st</sup> of the month for DON cardholders) reconcile the transactions appearing on his/her monthly statements by verifying their accuracy against cardholder records. The cardholder shall review all information on the monthly statement, verifying any changes,

credits, outstanding disputes or refunds within five days of receipt. If the cardholder fails to review the monthly statement, including annotating any discrepancies, disputing improper charges, or signing and forwarding it to the AO or designated alternate within the five day period, the AO or designated alternate shall presume that all charges are proper and certify the monthly invoice for payment. The cardholder is ultimately responsible for purchase card transactions being proper and for notifying the AO of any information he/she has knowledge of that impacts on the propriety of certifying the monthly invoice for payment. If transactions or credits are not included on the current statement the cardholder must retain the applicable documentation until the transactions or credit appears and can be reconciled. The cardholder must then sign the statement and forward the package to his/her AO or alternate. If the cardholder is unable to review their statement in a timely manner, the AO or alternate or APC must review and certify the cardholder's monthly statement. The cardholder upon his return must review the monthly statement and resolve any discrepancies with the AO or APC.

(2) AO. **(Insert command name)** AOs unless otherwise specified shall be the certifying officer for his/her cardholders monthly invoice. The AO/certifying officer is responsible for ensuring that all purchases made by the cardholders within his/her cognizance were appropriate and the charges accurate. He/she must resolve all questionable purchases with the cardholder. In the event an unauthorized purchase is detected, the AO must notify the APC and other appropriate personnel with the command in accordance with the command IOP.

After review, the AO will sign the cardholder's monthly statement of account and maintain the documentation in accordance with agency procedures.

In addition, the AO is also responsible for certifying the monthly invoice resulting from the purchase/transactions of the cardholder's within his/her account structure. The AO is responsible for reviewing and certifying the monthly purchase card invoice within five days of receipt from the cardholder and forwarding it to the appropriate OPLOC or billing office. As the certifying officer the AO is responsible for timely certification of the monthly invoice. The AO is to presume that all transactions on the monthly statement are proper unless notified in writing by the purchase cardholder within five days from the cardholder's receipt of his/her monthly statement. The presumption does not relieve the AO from reviewing for blatant improper purchase card transactions and taking the appropriate action prior to certifying the invoice for payment.

NAVSUPINST 4200.94  
29 June 1999

4. Restrictions of the Use of the Purchase Card. (See enclosure (1)).

5. Unauthorized Uses of the Purchase Card

a. A cardholder who makes unauthorized purchases or who uses the card in an inappropriate manner may be liable to **(insert the command name)** for the total amount of the unauthorized purchases made in connection with misuse or negligence.

b. Unauthorized use of the card may also include the use of the card by anyone other than the cardholder identified on the front of the purchase card.

6. Lost or Stolen Cards

a. Telephone Notification. If a purchase card is lost or stolen the **(insert name of command)** cardholder must immediately notify CitiBank at the following phone number.

CitiBank Customer Service - 800-790-7206

b. Written Notification. In addition, on the next working day the cardholder must notify the APC and his/her AOs. The notification shall include the following information;

- the card number;
- the cardholder's complete name;
- the date and location of the loss;
- if stolen, date reported to police and the date and time Citibank was notified;
- any purchases made on the card the day the card was stolen;
- any other pertinent information.

7. Separation of Cardholder

Upon separation from **(insert command name)**, the cardholder will notify his/her AO of the expected date of leaving. In addition, prior to final signing out from **(insert command name)** the cardholder will surrender their purchase cards to the APC. The APC will notify CitiBank to have the account cancelled.

8. Billing Errors and Disputes

a. Cardholders should attempt to resolve all discrepancies or billing errors with the local merchant first.

b. If a cardholder receives a monthly statement that lists a transaction for items that have not been received he/she should do the following;

(1) Under Pay and Confirm procedures, pay the invoice in full in anticipation that the supplies will be received within the next billing cycle. If the supplies are not received, the purchase cardholder will dispute the item using established dispute procedures.

(2) If the charges are not authorized or items have not been shipped the purchase cardholder must dispute the charges. All charges must be disputed within 60 days of the receipt of the invoice on which the charge first appeared.

c. Defective Items. If the items purchased are defective the cardholder should attempt to obtain a replacement or correction of the item from the merchant as soon as possible. If the vendor refuses to replace or correct the defect or replace the item the cardholder must put the item in dispute.

9. Card Security. **(Insert command name)** purchase cardholders are responsible for the security of their purchase cards. The card is printed with the name of the employee who is the official Government representative authorized to use the purchase card. Only that person SHALL use the card.

It is the cardholder's responsibility to safeguard the purchase card and purchase card account number at all times. The cardholder must not allow anyone to use or gain access to his or her card or account number.

#### 10. Standards of Conduct/Ethics Training

a. All **(insert command name)** AOs and purchase cardholders will receive ethics and standards of conduct training in accordance with agency and command policy prior to assuming their duties with the **(insert name of command)** purchase card program.

b. All **(insert command name)** AOs and purchase cardholders hold a public trust, their conduct must meet the highest ethical standard. All **(insert name of command)** cardholders shall only use their purchase cards to obtain supplies and services that are for official Government business.

**PROCEDURES FOR DEVELOPING AND SUBMITTING A BUSINESS CASE  
ANALYSIS (BCA) FOR EC/EDI SOLUTIONS AND WAIVERS FOR OPERATIONAL  
REQUIREMENTS**

1. BCA Requirements

a. Scope. In accordance with Chapter 1 of this instruction, DON activities using EC/EDI systems that result in a more cost-effective payment process than the purchase card are required to develop and submit a BCA for each system. BCAs shall compare the benefits and costs of the current system versus the use of the purchase card as a payment method. The following elements must be addressed.

(1) Description. A description of the current process and how the process could work using the purchase card;

(2) Evaluation and Analysis. An evaluation and analysis of current versus potential processes, including;

(a) Assumptions;

(b) Methodology;

(c) Results.

The analysis should look at not only the direct costs of the process but also indirect costs/savings as it relates to the DFAS, contracting and other departments, etc. Saving money at the expense of another department/agency does not create overall Government savings. Non-monetary costs/benefits such as security concerns, data capture, etc. should be included in the analysis.

(3) Conclusion and Recommendation. The conclusion and recommendation must include an executive level summary.

b. BCA Submittal/Approval Process. DON activities using a electronic commerce/electronic data interchange systems resulting in a more cost-effective process must forward their BCAs to Naval Supply Systems Command, c/o DON Purchase Card Program Office, Code 21C, P.O. Box 2050, 5450 Carlisle Pike, Mechanicsburg, PA 17055-0891, for review and endorsement prior to the package being forwarded via the Director of DFAS to the Deputy Secretary of Defense.

2. Waiver Requirements. DON activities must request a waiver for any operational requirement that precludes full implementation of the purchase card. Submittals must include a

NAVSUPINST 4200.94  
29 June 1999

POC, telephone number, description of operational requirement(s) and a complete assessment of the inability to use the purchase card. **ALL** waiver requests must be forwarded to:

Naval Supply Systems Command, DON Purchase Card Program Office, Code 21C, P.O. Box 2050, 5450 Carlisle Pike, Mechanicsburg, PA 17055-0791, for review and endorsement prior to forwarding the package via DOD Purchase Card Program Management Office to the Deputy Secretary of Defense.



**PURCHASE CARD LOG**    **MONTH** \_\_\_\_\_    **PAGE** \_\_\_\_ **OF** \_\_\_\_

## CHAPTER 2

### Letters of Agreement

1. Scope. This chapter provides contracting officers, agency program coordinators and purchase cardholders an innovative approach to using the purchase card above the micro-purchase threshold.

#### 2. Definitions

a. Commercial Items (Supplies). Any item, other than real property, that is of a type customarily used for nongovernmental purposes and that:

(1) Has been sold, leased or licensed to the general public; or

(2) Has been offered for sale, lease or license to the general public.

(A full definition can be found at FAR 2.101)

b. Letters of Agreement (LOAs). A streamlined procedure for procuring commercial supplies between \$2,500 and \$25,000, based on using oral solicitations, placing oral orders and paying for the oral orders using the purchase card. LOAs shall not be established for the procurement of services.

#### 3. Policy

a. Delegation of Contracting Authority. Activities wishing to utilize this method must have an appropriate grant of authority from their cognizant HCA.

b. Appointment of Cardholders. Individual cardholders utilizing this method must be appointed in writing as a contracting officer on a SF 1402.

c. Training. Cardholders authorized to use this method must complete, as a minimum, the NAVSUP Simplified Acquisition Course or cognizant HCA equivalent course.

d. Establishing LOAs. Contracting officers should establish LOAs on a SF 1449 or DD Form 1155. APCs are limited to establishing LOAs using a letter format. A sample of the letter format and the provisions are provided at the end of this chapter.

e. LOA. Activities using this method must establish LOAs with small business vendors providing commercial supplies who

NAVSUPINST 4200.94  
29 June 1999

agree to permit the use of the purchase card as a method of payment for oral orders. LOAs cannot be placed with large business concerns. Vendors must agree to bid on oral solicitations and to accept the terms and conditions normally associated with the procurement of commercial items. (Refer to FAR Part 12). Orders shall be limited to supplies valued between \$2,500 and \$25,000 and will not be confirmed in writing. Clauses applicable to the acquisition of commercial items provided in FAR Part 12 and shown at the end of this chapter, should be incorporated in all agreements. A sample of the standard LOA is found at the end of this chapter.

f. Ordering. Cardholders authorized to place orders against these agreements shall follow the solicitation and award procedures found in NAVSUPINST 4200.85(Series).

Cardholders must maintain records of oral price quotations to reflect the propriety of placing orders to the vendor selected at the prices paid.

g. Reporting. Contracting Officers or APCs must account for each LOA established as a BPA on the DD Form 1057. Additionally, all oral orders against LOAs must be accounted for on the DD Form 1057 as a BPA call.

h. Electronic Commerce. The HCA must make the required determination regarding the impracticality of processing solicitations via Federal Acquisition Computer Network or alternative electronic commerce methodologies when the solicitation will be oral and the payment is to be made under the LOA.

i. LOA List. A listing of contractors with whom an LOA has been established will be maintained by the contracting officer or APC and provided to the cardholders authorized to use this method. The listing must be reviewed and updated on a routine basis or as interested small businesses request LOAs and are added to the list.

LETTER OF AGREEMENT (NUMBER N00023-99-A-0001)  
BETWEEN  
NAME OF YOUR ACTIVITY AND VENDOR COMPANY NAME

This agreement authorizes representatives of ( \*\*\*\*\* ENTER THE NAME OF YOUR ACTIVITY  
HERE \*\*\*\*\* ) to place oral orders, for commercial items between \$2,500 and \$25,000  
utilizing the Governmentwide Commercial Purchase Card for payment.

The undersigned contractor hereby agrees that the following clauses are incorporated and  
made a part thereto of each purchase card transaction for supplies (\$2,500 - \$25,000)  
made on behalf of the US Government by an authorized purchase card holder.

The undersigned agrees to fully comply with the provisions and clauses identified below.  
(Full text follows.) The undersigned further agrees to comply with any new regulations  
which may be promulgated by the Federal Acquisition Regulation (FAR) or the Defense  
Federal Acquisition Regulation (DFARS).

The undersigned hereby acknowledges and accepts the terms and conditions as stated above  
for each purchase card transaction and certifies that it is not presently debarred,  
suspended, or declared ineligible for award of contracts by any federal agency. This  
certification shall remain in force until rescinded by either party.

CLAUSE REFERENCE	DATED	TITLE
FAR 52.212-01	(AUG 1998)	INSTRUCTIONS TO OFFERORS - COMMERCIAL ITEMS
** FAR 52.212-03	(MAY 1999)	OFFEROR RR.PRESENTATIONS AND CERTIFICATIONS -- COMMERCIAL ITEMS
FAR 52.212-04	(MAY 1999)	CONTRACT TERMS AND CONDITIONS -- COMMERCIAL ITEMS
FAR 52.212-05	(MAY 1999)	CONTRACT TERMS AND CONDITIONS REQUIRED TO IMPLEMENT STATUTES OR EXECUTIVE ORDERS -- COMMERCIAL- ITEMS
DFARS 252.212-7001	(JAN 1999)	CONTRACT TERMS AND CONDITIONS REQUIRED TO IMPLEMENT STATUTES OR EXECUTIVE ORDERS APPLICABLI-- TO DEFENSE ACQUISITIONS OF COMMERCIAL ITEMS

\*\* Certifications contained to be completed and returned by the contractor

ACKNOWLEDGED AND ACCEPTED BY: \_\_\_\_\_  
SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE: \_\_\_\_\_

PRINTED NAME AND TITLE: \_\_\_\_\_

COMPANY NAME AND ADDRESS: \_\_\_\_\_

PHONE NUMBER: \_\_\_\_\_

ACCEPTED BY: \_\_\_\_\_  
SIGNATURE OF ACTIVITY REPRESENTATIVE

DATE: \_\_\_\_\_

FULL TEXT OF FAR/DFARS CLAUSES

CLAUSE REFERENCE	DATED	TITLE
FAR 52.212-01	(AUG 1998)	INSTRUCTIONS TO OFFERORS - COMMERCIAL ITEMS
<p>(a) Standard industrial classification (SIC) code and small business size standard. The SIC code and small business size standard for this acquisition appear in Block 10 of the solicitation cover sheet (SF 1449). However, the small business size standard for a concern which submits an offer in its name, but which proposes to furnish an item which it did not itself manufacture, is 500 employees.</p> <p>(b) Submission of offers. Submit signed and dated offers to the office specified in this solicitation at or before the exact time specified in this solicitation. Offers may be submitted on the SF 1449, letterhead stationery, or as otherwise specified in the solicitation. As a minimum, offers show - -</p> <ol style="list-style-type: none"> <li>(1) The solicitation number;</li> <li>(2) The time specified in the solicitation for receipt of offers;</li> <li>(3) The name, address, and telephone number of the offeror;</li> <li>(4) A technical description of the items being offered in sufficient detail to evaluate compliance with the requirements in the solicitation. This include product literature, or other documents, if necessary;</li> <li>(5) Terms of any express warranty;</li> <li>(6) Price and any discount terms;</li> <li>(7) "Remit to" address, if different than mailing address;</li> <li>(8) A completed copy of the representations and certifications at FAR 52.212-3;</li> <li>(9) Acknowledgment of Solicitation Amendments;</li> <li>(10) Past performance information, when included as an evaluation factor, to include recent and relevant contracts for the same or similar item and other references (including contract numbers, points of contact with telephone numbers and other relevant information); and</li> <li>(11) If the offer is not submitted on the SF 1449, include a statement specifying the extent of agreement with all terms, conditions, and provisions included in the solicitation. Offers that fail to furnish required representations or information, or reject the terms and conditions of the solicitation may be excluded from consideration.</li> </ol> <p>(c) Period for acceptance of offers. The offeror agrees to hold the prices in its offer firm for 30 calendar days from the date specified for receipt of offers, unless another time period is specified in an addendum to the solicitation.</p> <p>(d) Product samples. When required by the solicitation, product samples shall be submitted at or prior to the time specified for receipt of offers. Unless otherwise specified in this solicitation, these samples shall be submitted at no expense to the Government, and returned at the sender's request and expense, unless they are destroyed during preaward testing.</p> <p>(e) Multiple offers. Offerors are encouraged to submit multiple offers presenting alternative terms and conditions or commercial items for satisfying requirements of this solicitation. Each offer submitted will be evaluated separately.</p> <p>(f) Late offers. Offers or modifications of offers received at the address specified for the receipt of offers after the exact time specified for receipt offers will not be considered.</p> <p>(g) Contract award (not applicable to Invitation for Bids). The Government intends to evaluate offers and award a contract without discussions with offerors. Therefore, the offeror's initial offer should contain the offeror's best terms from a price and technical standpoint. However, the Government reserves the right to conduct discussions if later determined by the Contracting Officer to be necessary. The Government may reject any or all offers if such action is in the public interest; accept other than the lowest offer; and waive informalities and minor irregularities in offers received.</p> <p>(h) Multiple awards. The Government may accept any item or group of items of an offer, unless the offeror qualifies the offer by specific limitation. Unless otherwise provided in the Schedule, offers may not be submitted for quantities less than those specified. The Government reserves the right to make an award on any item for a quantity less than the quantity offered, at the unit prices offered, unless the offeror specifies otherwise in the offer.</p> <p>(i) Availability of requirements documents cited in the solicitation.</p> <p>(1) (1) The GSA Index of Federal Specifications, Standards and Commercial Item Descriptions, FPMR Part 101-29, and copies of specifications, standards, and commercial item descriptions cited in this solicitation may be obtained for a fee by submitting a request to - -</p>		

CLAUSE REFERENCE	DATED	TITLE
------------------	-------	-------

FAR 52.212-01	(AUG 1998)	(CONTINUE)
---------------	------------	------------

GSA Federal Supply Service Specifications Section  
Suite 8100  
470 East L' Enfant Plaza, SW  
Washington, DC 20407

Telephone (202) 619-8925  
Facsimile (202) 619-8978.

(ii) If the General Services Administration, Department of Agriculture, or Department of Veterans Affairs issued this solicitation, a single copy of specifications, standards, and commercial item descriptions cited in this solicitation may be obtained free of charge by submitting a request to the addressee in paragraph (i)(1)(i) of this provision. Additional copies will be issued for a fee.

(2) The DoD Index of Specifications and Standards (DODISS) and documents listed in it may be obtained from the - -

Department of Defense Single Stock Point (DODSSP)  
Building 4, Section D  
700 Robbins Avenue  
Philadelphia, PA 19111-5094  
Telephone (215) 697-2667/2179  
Facsimile (215) 697-1462.

(i) Automatic distribution may be obtained on a subscription basis.

(ii) Order forms, pricing information, and customer support information may be obtained—

(A) By telephone at (215) 697-2667/2179; or

(B) Through the DODSSP Internet site at <http://www.dodssp.daps.mil>.

(3) Nongovernment (voluntary) standards must be obtained from the organization responsible for their preparation, publication, or maintenance.

(j) Data Universal Numbering System (DUNS) Number. (Applies to offers exceeding \$25,000.) The offeror shall enter, in the block with its name and address on the cover page of its offer, the annotation "DUNS" followed by the DUNS number that identifies the offeror's name and address. If the offeror does not have a DUNS number, it should contact Dun and Bradstreet to obtain one at no charge. An offeror within the United States may call 1-800-333-050S. The offeror may obtain more information regarding the DUNS number, including locations of local Dun and Bradstreet Information Services offices for offerors located outside the United States, from the Internet home page at <http://www.dnb.com/>. If an offeror is unable to locate a local service center, it may send an e-mail to Dun and Bradstreet at [globalinfo@mail.dnb.com](mailto:globalinfo@mail.dnb.com).

FAR 52.212-03 (MAY 1999) OFFEROR REPRESENTATIONS AND CERTIFICATIONS—COMMERCIAL ITEMS

(a) Definitions. As used in this provision:

"Emerging small business" means a small business concern whose size is no greater than 50 percent of the numerical size standard for the standard industrial classification code designated.

Small business concern" means a concern, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding on Government contracts, and qualified as a small business under the criteria in 13 CFR Part 121 and size standards in this solicitation.

Women-owned small business concern" means a small business concern—

(1) Which is at least 51 percent owned by one or more women or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more women; and

(2) Whose management and daily business operations are controlled by one or more women.

"Women-owned business concern" means a concern which is at least 51 percent owned by one or more women; or in the case of any publicly owned business, at least 51 percent of the [its stock] is owned by one or more women; and whose management and daily business operations are controlled by one or more women.

(b) Taxpayer identification number (TIN) (26 U.S.C. 6109, 31 U.S.C. 7701). (Not applicable if the offeror is required to provide this information to a central contractor registration database to be eligible for award.)

(1) All offerors must submit the information required in paragraphs (b)(3) through (b)(5) of this provision to comply with debt collection requirements of 31 U.S.C. 7701© and 3325(d), reporting requirements of 26 U.S.C. 6041, 6041A, and 6050M, and implementing regulations issued by the Internal Revenue Service (IRS).

(2) The TIN may be used by the government to collect and report on any delinquent amounts arising out of the

CLAUSE REFERENCE	DATED	TITLE
FAR 52.212-03	(MAY 1999)	(CONTINUED)

offeror' s relationship with the Government (31 U.S.C. 7701©(3)). If the resulting contract is subject to the payment reporting requirements described in FAR 4.904, the TIN provided hereunder may be matched with IRS records to verify the accuracy of the offeror' s TIN.

(3) Taxpayer Identification Number (TIN).

TIN: \_\_\_\_\_.

TIN has been applied for.

TIN is not required because:

Offeror is a nonresident alien, foreign corporation, or foreign partnership that does not have income effectively connected with the conduct of a trade or business in the United States and does not have an office or place of business or a fiscal paying agent in the United States;

Offeror is an agency or instrumentality of a foreign government;

Offeror is an agency or instrumentality of the Federal Government;

(4) Type of organization.

Sole proprietorship;

Partnership;

Corporate entity (not tax-exempt);

Corporate entity (tax-exempt);

Government entity (Federal, State, or local);

Foreign government;

International organization per 26 CFR 1.6049-4;

Other \_\_\_\_\_.

(5) Common parent.

Offeror is not owned or controlled by a common parent:

Name and TIN of common parent:

Name \_\_\_\_\_.

TIN \_\_\_\_\_.

(c) Offerors must complete the following representations when the resulting contract is to be performed inside the United States, its territories or possessions, Puerto Rico, the Trust Territory of the Pacific Islands, or the District of Columbia. Check all that apply.

(1) Small business concern. The offeror represents as part of its offer that it - is, - is not a small business concern.

(2) Small disadvantaged business concern. (Complete only if the offeror represented itself as a small business concern in paragraph ©(1) of this provision.) The offeror represents[, for general statistical purposes, that it \_\_\_ is, \_\_\_ is not, a small disadvantaged business concern as defined in 13 CFR 124.1002.

(3) Women-owned small business concern. [[Complete only if the offeror represented itself as a small business concern in paragraph ©(1) of this provision.]] The offeror represents that it - is, - is not a women-owned small business concern.

Note: Complete paragraphs ©(4) and ©(5) only if this solicitation is expected to exceed the simplified acquisition threshold.

(4) Women-owned business concern [(other than small business concern). [Complete only if the offeror is a women-owned business concern and did not represent itself as a small business concern in paragraph ©(1) of this provision.]]. The offeror represents that it - is, - is not, a women-owned business concern.

(5) Tie bid priority for labor surplus area concerns. If this is an invitation for bid, small business offerors may identify the labor surplus areas in which costs to be incurred on account of manufacturing or production (by

CLAUSE REFERENCE	DATED	TITLE
FAR 52.212-03	(MAY 1999)	(CONTINUED)

offeror or first-tier subcontractors) amount to more than 50 percent of the contract price:

- (6) Small Business Size for the Small Business Competitiveness Demonstration Program and for the Targeted Industry Categories under the Small Business Competitiveness Demonstration Program. [Complete only if the offeror has represented itself to be a small business concern under the size standards for this solicitation.
  - (i) (Complete only for solicitations indicated in an addendum as being set-aside for emerging small businesses in one of the four designated industry groups (DIGs).) The offeror represents as part of its offer that it \_\_\_ is, \_\_\_ is not an emerging small business.
  - (ii) Complete only for solicitations indicated in an addendum as being for one of the targeted industry categories (TICS) or four designated industry groups (DIGs).) Offeror represents as follows:
    - (A) Offeror's number of employees for the past 12 months (check the Employees column if size standard stated in the solicitation is expressed in terms of number of employees); or
    - (B) Offeror's average annual gross revenue for the last 3 fiscal years (check the Average Annual Gross Number of Revenues column if size standard stated in the solicitation is expressed in terms of annual receipts).

(Check one of the following):

Number of Employees	Average Annual Gross Revenues
___ 50 or fewer	___ \$1 million or less
___ 51-100	___ \$1,000,001-\$2 million
___ 101-250	___ \$2,000,001-\$3.5 million
___ 251-500	___ \$3,500,001-\$5 million
___ 501-750	___ \$5,000,001-\$10 million
___ 751-1,000	___ \$10,000,001-\$17 million
___ Over 1,000	___ Over \$17 million

(7) (Complete only if the solicitation contains the clause at FAR 52.219-23, Notice of Price Evaluation Adjustment for Small Disadvantaged Business Concerns, or FAR 52.219-25, Small Disadvantaged Business Participation Program-Disadvantaged Status and Reporting, and the offeror desires a benefit based on its disadvantaged status.)

- (i) General. The offeror represents that either-
  - (A) It \_\_\_ is, \_\_\_ is not certified by the Small Business Administration as a small disadvantaged business concern and is listed, on the date of this representation, on the register of small disadvantaged business concerns maintained by the Small Business Administration, and that no material change in disadvantaged ownership and control has occurred since its certification, and, where the concern is owned by one or more individuals claiming disadvantaged status, the net worth of each individual upon whom the certification is based does not exceed \$750,000 after taking into account the applicable exclusions set forth at 13 CFR 124.104(c)(2); or
  - (B) It \_\_\_ is, \_\_\_ has not submitted a completed application to the Small Business Administration or a Private Certifier to be certified as a small disadvantaged business concern in accordance with 13 CFR 124, Subpart B, and a decision on that application is pending, and that no material change in disadvantaged ownership and control has occurred since its application was submitted.

(ii) Joint Ventures under the Price Evaluation Adjustment for Small Disadvantaged Business Concerns. The offeror represents, as part of its offer, that it is a joint venture that complies with the requirements in 13 CFR 124.1002(f) and that the representation in paragraph (7)(i) of this provision is accurate for the small disadvantaged business concern that is participating in the joint venture. (The offeror shall enter the name of the small disadvantaged business concern that is participating in the joint venture: \_\_\_\_\_)

(d) Representations required to implement provisions of Executive Order 11246 --

- (1) Previous contracts and compliance. The offeror represents that --
  - (i) It \_\_\_ has, \_\_\_ has not, participated in a previous contract or subcontract subject either to the Equal Opportunity clause of this solicitation; and
  - (ii) It \_\_\_ has, \_\_\_ has not, filed all required compliance reports.
- (2) Affirmative Action Compliance. The offeror represents that --
  - (i) It - has developed and has on file, - has not developed and does not have on file, at each

CLAUSE REFERENCE	DATED	TITLE
FAR 52.212-03	(MAY 1999)	(CONTINUED)

establishment, affirmative action programs required by rules and regulations of the Secretary of Labor (41 CFR parts 60-1 and 60-2), or

(ii) It \_\_\_ has not previously had contracts subject to the written affirmative action programs requirement of the rules and regulations of the Secretary of Labor.

(e) Certification Regarding Payments to Influence Federal Transactions (31 U.S.C.1352). (Applies only if the contract is expected to exceed \$100,000.) By submission of its offer, the offeror certifies to the best of its knowledge and belief that no Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress or an employee of a Member of Congress on his or her behalf in connection with the award of any resultant contract.

(f) Buy American Act -- Trade Agreements -- Balance of Payments Program Certificate. (Applies only if FAR clause 52.225-9, Buy American Act -- Trade Agreement -- Balance of Payments Program, is included in this solicitation.)

(1) The offeror hereby certifies that each end product, except those listed in paragraph (f)(2) of this provision, is a domestic end product (as defined in the clause entitled "Buy American Act - - Trade Agreements -- Balance of Payments Program") and that components of unknown origin have been considered to have been mined, produced, or manufactured outside the United States, a designated country, a North American Free Trade Agreement (NAFTA) country, or a Caribbean Basin country, as defined in section 25.401 of the Federal Acquisition Regulation.

(2) Excluded End Products:

LINE ITEM NO.	COUNTRY OF ORIGIN
_____	_____
_____	_____
_____	_____

(3) Offers will be evaluated by giving certain preferences to domestic end products, designated country end products, NAFTA country end products, and Caribbean Basin country end products over other end products. In order to obtain these preferences in the evaluation of each excluded end product listed in paragraph (f)(2) of this provision, offerors must identify and certify below those excluded end products that are designated or NAFTA country end products, or Caribbean Basin country end products. Products that are not identified and certified below will not be deemed designated country end products, NAFTA country end products, or Caribbean Basin country end products. Offerors must certify by inserting the applicable line item numbers in the following:

(i) The offeror certifies that the following supplies qualify as "designated or NAFTA country end products" as those terms are defined in the clause entitled "Buy American Act--Trade Agreements--Balance of Payments Program":

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

(Insert line item numbers)

(ii) The offeror certifies that the following supplies qualify as "Caribbean Basin country end products" as that term is defined in the clause entitled "Buy American Act--Trade Agreements--Balance of Payments Program":

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

(Insert line item numbers)

(4) Offers will be evaluated in accordance with FAR Part 25.

(g) (1) Buy American Act - - North American Free Trade Agreement Implementation Act - - Balance of Payments Program.

(Applies only if FAR clause 52.225-21, Buy American Act - - North American Free Trade Agreement Implementation Act - - Balance of Payments Program, is included in this solicitation.)

(i) The offeror certifies that each end product being offered, except those listed in paragraph (g)(1)(ii) of this provision, is a domestic end product (as defined in the clause entitled "Buy American Act - - North

CLAUSE REFERENCE	DATED	TITLE
FAR 52.212-03	(MAY 1999)	(CONTINUED)

American Free Trade Agreement Implementation Act–Balance of Payments Program.” and that components of unknown origin have been considered to have been mined, produced, or manufactured outside the United States.

(ii) Excluded End Products:

LINE ITEM NO.	COUNTRY OF ORIGIN
_____	_____
_____	_____
_____	_____

(iii) Offers will be evaluated by giving certain preferences to domestic end products or NAFTA country end products over other end products. In order to obtain these preferences in the evaluation of each excluded end product listed in paragraph (g)(1)(ii) of this provision, offerors must identify and certify below those excluded end products that are NAFTA country end products. Products that are not identified and certified below will not be deemed NAFTA country end products. The offeror certifies that the following supplies qualify as “NAFTA country end products” as that term is defined in the clause entitled “Buy American Act - - North American Free Trade Agreement Implementation Act - - Balance of Payments Program” :

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

(Insert line item numbers)

(iv) Offers will be evaluated in accordance with Part 25 of the Federal Acquisition Regulation- In addition, if this solicitation is for supplies for use outside the United States, an evaluation factor of 50 percent will be applied to offers of end products that are not domestic or NAFTA country end products.

(2) Alternate 1. If Alternate I to the clause at 52.225-21 is included in this solicitation, substitute the following paragraph (g)(1)(iii) for paragraph (g)(1)(iii) of this provision:

(g) (1) (iii) Offers will be evaluated by giving certain preferences to domestic end products or Canadian end products over other end products. In order to obtain these preferences in the evaluation of each excluded end product listed in paragraph (b) of this provision, offerors must identify and certify below those excluded end products that are Canadian end products. Products that are not identified and certified below will not be deemed Canadian end products.

The offeror certifies that the following supplies qualify as “Canadian end products” as that term is defined in the clause entitled “Buy American Act–North American Free Trade Agreement Implementation Act–Balance of Payments Program” :

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

[Insert line item numbers]

(h) Certification Regarding Debarment, Suspension or Ineligibility for Award (Executive Order 12549). The offeror certifies, to the best of its knowledge and belief, that—

- (1) The offeror and/or any of its principals - are, - are not presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any Federal agency, and
- (2) \_\_\_ Have, \_\_\_ have not, within a three-year period preceding this offer, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a Federal, state or local government contract or subcontract; violation of Federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, or receiving stolen property; and - are, - are not presently indicted for, or otherwise criminally or civilly charged by a Government entity with, commission of any of these offenses.

\*\*\* ADDITIONAL PROVISION: \*\*\*

CLAUSE REFERENCE	DATED	TITLE
------------------	-------	-------

FAR 52.212-03	(MAY 1999)	(CONTINUED)
---------------	------------	-------------

(a) Definitions: " Domestic end product" , " qualifying country" , " qualifying end product" , and " nonqualifying end product" have the meanings given in the Buy American Act and Balance of Payments Program clause of this solicitation.

(b) Evaluation: Offers will be evaluated by giving preference to domestic end products and qualifying end products over nonqualifying country end products.

(c) Certifications:

(1) The offeror certifies that - -

- (i) Each end product, except those listed in paragraphs ©(2) or (3) of this clause, is a domestic end product; and
- (ii) Components of unknown origin are considered to have been mined, produced or manufactured outside the United States or a qualifying country.

(2) The offeror certifies that the following end products are qualifying end products:  
Qualifying Country End Products (List only qualifying country end products.)

Line Item Number	Country of origin
_____	_____
_____	_____

Nonqualifying Country End Products

Line Item Number	Country of origin (If known)
_____	_____
_____	_____

\*\*\* END OF ADDITIONAL PROVISION \*\*\*

FAR S2.212-04	(MAY 1999)	CONTRACT TERMS AND CONDITIONS - - COMMERCIAL ITEMS
---------------	------------	--

(a) Inspection/Acceptance. The Contractor shall only tender for acceptance those items that conform to the requirements of this contract. The Government reserves the right to inspect or test any supplies or services that have been tendered for acceptance. The Government may require repair or replacement of nonconforming supplies or reperformance of nonconforming services at no increase in contract price. The Government must exercise its post-acceptance rights—

- (1) Within a reasonable time after the defect was discovered or should have been discovered; and
- (2) Before any substantial change occurs in the condition of the item, unless the change is due to the defect in the item.

(b) Assignment. The Contractor or its assignee' s rights to be paid amounts due as a result of performance of this contract, may be assigned to a bank, trust company, or other financing institution, including any Federal lending agency in accordance with the Assignment of Claims Act (31 U.S.C.3727).

(c) Changes. Changes in the terms and conditions of this contract may be made only by written agreement of the parties.

(d) Disputes. This contract is subject to the Contract Disputes Act of 1978, as amended (41 U.S.C.601-613). Failure of the parties to this contract to reach agreement on any request for equitable adjustment, claim, appeal or action arising under or relating to this contract shall be a dispute to be resolved in accordance with the clause at FAR 52.233-1, Disputes, which is incorporated herein by reference. The Contractor shall proceed diligently with performance of this contract, pending final resolution of any dispute arising under the contract.

(e) Definitions. The clause at FAR 52.202-1, Definitions, is incorporated herein by reference.

(f) Excusable delays. The Contractor shall be liable for default unless nonperformance is caused by an occurrence beyond the reasonable control of the Contractor and without its fault or negligence such as, acts of God or the public enemy, acts of the Government in either its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, unusually severe weather, and delays of common carriers. The Contractor shall notify the Contracting Officer in writing as soon as it is reasonably possible after the commencement of any excusable delay, setting forth the full particulars in connection therewith, shall remedy such occurrence with all reasonable dispatch, and shall promptly give written notice to the Contracting Officer of the cessation of such occurrence,

(g) Invoice. The Contractor shall submit an original invoice and three copies (or electronic invoice, if authorized,) to the address designated in the contract to receive invoices. An invoice must include

CLAUSE REFERENCE	DATED	TITLE
FAR 52.212-04	(MAY 1999)	(CONTINUED)
(1)	Name and address of the Contractor;	
(2)	Invoice date;	
(3)	Contract number, contract line item number and, if applicable, the order number;	
(4)	Description, quantity, unit of measure, unit price and extended price of the items delivered;	
(5)	Shipping number and date of shipment including the bill of lading number and weight of shipment if shipped on Government bill of lading;	
(6)	Terms of any prompt payment discount offered;	
(7)	Name and address of official to whom payment is to be sent; and	
(8)	Name, title, and phone number of person to be notified in event of defective invoice.	
Invoices will be handled in accordance with the Prompt Payment Act (31 U.S.C.3903) and Office of Management and Budget (OMB) Circular A-125, Prompt Payment. Contractors are encouraged to assign an identification number to each invoice.		

(h) Patent indemnity. The Contractor shall indemnify the Government and its officers, employees and agents against liability, including costs, for actual or alleged direct or contributory infringement of, or inducement to infringe, any United States or foreign patent, trademark or copyright, arising out of the performance of this contract, provided the Contractor is reasonably notified of such claims and proceedings.

(i) Payment. Payment shall be made for items accepted by the Government that have been delivered to the delivery destinations set forth in this contract. The Government will make payment in accordance with the Prompt Payment Act (31 U.S.C.3903) and Office of Management and Budget (OMB) Circular A-12S, Prompt Payment. (If the Government makes payment by Electronic Funds Transfer (EFT), see 52.212-5(b) for the appropriate EFT clause.) In connection with any discount offered for early payment, time shall be computed from the date of the invoice. For the purpose of computing the discount earned, payment shall be considered to have been made on the date which appears on the payment check or the specified payment date if an electronic funds transfer payment is made.

(j) Risk of loss. Unless the contract specifically provides otherwise, risk of loss or damage to the supplies provided under this contract shall remain with the Contractor until, and shall pass to the Government upon:

- (1) Delivery of the supplies to a carrier, if transportation is f.o.b. origin; or
- (2) Delivery of the supplies to the Government at the destination specified in the contract, if transportation is f.o.b. destination.

(k) Taxes. The contract price includes all applicable Federal, State, and local taxes and duties.

(l) Termination for the Government's convenience. The Government reserves the right to terminate this contract, or any part hereof, for its sole convenience. In the event of such termination, the Contractor shall immediately stop all work hereunder and shall immediately cause any and all of its suppliers and subcontractors to cease work. Subject to the terms of this contract, the Contractor shall be paid a percentage of the contract price reflecting the percentage of the work performed prior to the notice of termination, plus reasonable charges the Contractor can demonstrate to the satisfaction of the Government using its standard record keeping system, have resulted from the termination. The Contractor shall not be required to comply with the cost accounting standards or contract cost principles for this purpose. This paragraph does not give the Government any right to audit the Contractor's records. The Contractor shall not be paid for any work performed or costs incurred which reasonably could have been avoided.

(m) Termination for cause. The Government may terminate this contract, or any part hereof, for cause in the event of any default by the Contractor, or if the Contractor fails to comply with any contract terms and conditions, or fails to provide the Government, upon request, with adequate assurances of future performance. In the event of termination for cause, the Government shall not be liable to the Contractor for any amount for supplies or services not accepted, and the Contractor shall be liable to the Government for any and all rights and remedies provided by law. If it is determined that the Government improperly terminated this contract for default, such termination shall be deemed a termination for convenience.

(n) Title. Unless specified elsewhere in this contract, title to items furnished under this contract shall pass to the Government upon acceptance, regardless of when or where the Government takes physical possession.

(o) Warranty. The Contractor warrants and implies that the items delivered hereunder are merchantable and fit for use for the particular purpose described in this contract.

(p) Limitation of liability. Except as otherwise provided by an express or implied warranty, the Contractor will not be liable to the Government for consequential damages resulting from any defect or deficiencies in accepted items.

(q) Other compliance's. The Contractor shall comply with all applicable Federal, State and local laws, executive orders,

CLAUSE REFERENCE	DATED	TITLE
FAR 52.212-04	(MAY 1999)	(CONTINUED)

rules and regulations applicable to its performance under this contract.

(r) Compliance with laws unique to Government contracts. The Contractor agrees to comply with 31 U.S.C. 1352 relating to limitations on the use of appropriated funds to influence certain Federal contracts; 18 U.S.C. 431 relating to officials not to benefit; 40 U.S.C.327, et seq., Contract Work Hours and Safety Standards Act; 41 U.S.C. 51-58, Anti-Kickback Act of 1986; 41 U.S.C. 265 and 10 U.S.C. 2409 relating to whistleblower protections; 49 U.S.C. 40118, Fly American; and 41 U.S.C. 423 relating to procurement integrity.

(s) Order of precedence. Any inconsistencies in this solicitation or contract shall be resolved by giving precedence in the following order:

- (1) The schedule of supplies/services.
- (2) The Assignments, Disputes, Payments, Invoice, Other Compliance's, and Compliance with Laws Unique to Government Contracts paragraphs of this clause.
- (3) The clause at 52.212-5.
- (4) Addenda to this solicitation or contract, including any license agreements for computer software.
- (5) Solicitation provisions if this is a solicitation.
- (6) Other paragraphs of this clause.
- (7) The Standard Form 1449.
- (8) Other documents, exhibits, and attachments-
- (9) The specification.

ADDENDA TO FAR 52-212-04

Payment shall be made using the Governmentwide commercial purchase card.

\*\*\* END OF ADDENDA TO FAR 52-212-04 \*\*\*

FAR 52.212-05	(MAY 1999)	CONTRACT TERMS AND CONDITIONS REQUIRED TO IMPLEMENT STATUTES OR EXECUTIVE ORDERS COMMERCIAL ITEMS
---------------	------------	---

(a) The Contractor agrees to comply with the following FAR clauses, which are incorporated in this contract by reference, to implement provisions of law or executive orders applicable to acquisitions of commercial items:

- (1) 52.222-3, Convict Labor (E.O.11755); and (2) 52.233-3, Protest after Award (31 U.S.C 3553).

(b) The Contractor agrees to comply with the FAR clauses in this paragraph (b) which the contracting officer has indicated as being incorporated in this contract by reference to implement provisions of law or executive orders applicable to acquisitions of commercial items or components:

(Contracting Officer shall check as appropriate.)

- (1) 52.203-6, Restrictions on Subcontractor Sales to the Government, with Alternate 1 (41 U.S.C.253g and 10 U.S.C.2402).
- (2) 52.219-3, Notice of HUBZone Small Business Set-Aside (Jan 1999).
- (3) 52.219-4, Notice of Price Evaluation Preference for HUBZone Small Business Concerns (Jan 1999) (if the offeror elects to waive the preference, it shall so indicate in its offer).
- (4)
  - (i) 52.219-5, Very Small Business Set-Aside (pub. L. 103-403, section 304, small Business Reauthorization and Amendments Act of 1994).
  - (ii) Alternate I to 52.219-5.
  - (iii) Alternate 11 to 52.219-5.]
- (5) 52.219-8, Utilization of Small Business Concerns (15 U.S.C. 637 (d)(2) and (3)).
- (6) 52.219-9, Small Business Subcontracting Plan (15 U.S.C. 637 (d)(4))\
- (7) 52.219-14, Limitations on Subcontracting (15 U.S.C.637(a)(14)).

CLAUSE REFERENCE	DATED	TITLE
FAR 52.212-05	(MAY 1999)	(CONTINUED)
___ (8)	(i) 52.219-23, Notice of Price Evaluation Adjustment for Small Disadvantaged Business Concerns (Pub. L. 103-355, section 7102, and 10 U.S.C. 2323) (if the offeror elects to waive the adjustment, it shall so indicate in its offer).	
	(ii) Alternate I of 52.219-23.	
___ (9)	52.219-25, Small Disadvantaged Business Participation Program-Disadvantaged Status and Reporting (Pub. L. 103-355, section 7102, and 10 U.S.C. 2323).	
___ (10)	52.219-26, Small Disadvantaged Business Participation Program-Incentive Subcontracting (Pub. L. 103-355, section 7102, and 10 U.S.C. 2323).	
___ (11)	52.222-21, Prohibition of Segregated Facilities (Feb 1999).	
XXX (12)	52.222-26, Equal Opportunity (E.O.11246).	
XXX (13)	52.222-35, Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era (38 U.S.C.4212).	
XXX (14)	52.222-36, Affirmative Action for Workers with Disabilities (29 U.S.C.793).	
XXX (15)	52.222-37, Employment Reports on Disabled Veterans and Veterans of the Vietnam Era (38 U.S.C.4212).	
___ (16)	52.225-3, Buy American Act Supplies (41 U.S.C.10).	
___ (17)	52.225-9, Buy American Act Trade Agreements Act-Balance of Payments Program (41 U.S.C.10, 19 U.S.C.2501-2582).	
___ (18)	[Reserved]	
___ (19)	52.225-18, European Union Sanction for End Products (E.O.12849).	
___ (20)	52.225-19, European Union Sanction for Services (E.O.12849).	
___ (21)		
___ (i)	52.225-21, Buy American Act-North American Free Trade Agreement Implementation Act-Balance of Payments Program (41 U.S.C. 10, Pub.L.103-187).	
___ (ii)	Alternate I of 52.225-21.	
___ (22)	52.232-33, Payment by Electronic Funds Transfer-Central Contractor Registration (31 U.S.C. 3332).	
___ (23)	52.232-4, Payment by Electronic Funds Transfer-Other Than Central Contractor Registration (31 U.S.C. 3332).	
XXX (24)	52.232-36, Payment by Third Party (31 U.S.C. 3332).]	
___ (25)	52.239-1, Privacy or Security Safeguards (5 U.S.C-552a).	
___ (26)	52.247-64, Preference for Privately Owned U.S.-Flag Commercial Vessels (46 U.S.C.1241).	
(c)	The Contractor agrees to comply with the FAR clauses in this paragraph ©, applicable to commercial services, which the Contracting Officer has indicated as being incorporated in this contract by reference to implement provisions of law or executive orders applicable to acquisitions of commercial items or components:	
	(Contracting Officer check as appropriate.)	
___ (1)	52.222-41, Service Contract Act of 1965, As Amended (41 U.S.C.351, et seq.).	
___ (2)	52.222-42, Statement of Equivalent Rates for Federal Hires (29 U.S.C.206 and 41 U.S.C.351, et seq.).	
___ (3)	52.222-43, Fair Labor Standards Act and Service Contract Act-Price Adjustment (Multiple Year and Option Contracts) (29 U.S.C.206 and 41 U.S.C.351, et seq.).	
___ (4)	52.222-44, Fair Labor Standards Act and Service Contract Act-Price Adjustment (29 U.S.C.206 and 41 U.S.C.351, et seq.).	
___ (5)	52.222-47, SCA Minimum Wage and Fringe Benefits Applicable to Successor Contract Pursuant to Predecessor Contractor Collective Bargaining Agreement (CBA) (41 U.S.C.351, et seq.).	

(d) Comptroller General Examination of Record. The Contractor agrees to comply with the provisions of this paragraph (d)

CLAUSE REFERENCE	DATED	TITLE
FAR 52.212-05	(MAY 1999)	(CONTINUED)
if this contract was awarded using other than sealed bid, is in excess of the simplified acquisition threshold, and does not contain the clause at 52.215-2, Audit and Records—Negotiation.		

- (1) The Comptroller General of the United States, or an authorized representative of the Comptroller General, shall have access to and right to examine any of the Contractor's directly pertinent records involving transactions related to this contract.
- (2) The Contractor shall make available at its offices at all reasonable times the records, materials, and other evidence for examination, audit, or reproduction, until 3 years after final payment under this contract or for any shorter period specified in FAR Subpart 4.7, Contractor Records Retention, of the other clauses of this contract. If this contract is completely or partially terminated, the records relating to the work terminated shall be made available for 3 years after any resulting final termination settlement. Records relating to appeals under the disputes clause or to litigation or the settlement of claims arising under or relating to this contract shall be made available until such appeals, litigation, or claims are finally resolved.
- (3) As used in this clause, records include books, documents, accounting procedures and practices, and other data, regardless of type and regardless of form. This does not require the Contractor to create or maintain any record that the Contractor does not maintain in the ordinary course of business or pursuant to a provision of law.

(e) Not with standing the requirements of the clauses in paragraphs (a), (b), (c) or (d) of this clause, the Contractor is not required to include any FAR clause, other than those listed below (and as may be required by an addenda to this paragraph to establish the reasonableness of prices under Part 15), in a subcontract for commercial items or commercial components - -

- (1) 52.222-26, Equal Opportunity (E.O.11246);
- (2) 52.222-35, Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era (38 U.S.C.4212);
- (3) 52.222-36, Affirmative Action for Workers with Disabilities (29 U.S.C.793); and
- (4) 52.247-64, Preference for Privately-Owned U.S.- Flag Commercial Vessels (46 U.S.C.1241) (flow down not required for subcontracts awarded beginning May 1, 1996).

\*\*\* ADDITIONAL CLAUSES: \*\*

FAR 52.219-06 NOTICE OF TOTAL SMALL BUSINESS SET-ASIDE (JUL 1996)  
 FAR 52.222-20 WALSH-HEALEY PUBLIC CONTRACTS ACT (DEC 1996)  
 FAR 52.223-03 HAZARDOUS MATERIAL IDENTIFICATION AND MATERIAL SAFETY DATA (JAN 1997)  
 FAR 52.225-11 RESTRICTIONS ON CERTAIN FOREIGN PURCHASES (AUG 1998)  
 FAR 52.232-36 PAYMENT BY THIRD PARTY (MAY 1999)

\*\*\* END OF ADDITIONAL CLAUSES \*\*\*

DFARS 252.212-7001 (JAN 1999) CONTRACT TERMS AND CONDITIONS REQUIRED TO IMPLEMENT STATUTES OR EXECUTIVE ORDERS APPLICABLE TO DEFENSE ACQUISITIONS OF COMMERCIAL ITEMS

(a) The Contractor agrees to comply with the Defense Federal Acquisition Regulation Supplement (DFARS) clause 252.247-7023, Transportation of Supplies by Sea, which is included in this contract by reference to implement 10 U.S.C. 2631.

(b) The Contractor agrees to comply with any clause that is checked on the following list of DFARS clauses which, if checked, is included in this contract by reference to implement provisions of law or Executive Orders applicable to acquisitions of commercial items or components.

- XXX 252.225-7001 Buy American Act and Balance of Payments Program (41 U.S.C. 10a-10d, E.O. 10582).  
 \_\_\_ 252.225-7007 Buy American Act - Trade Agreements - - Balance of Payments Program  
 (\_\_\_ Alternate 1) (41 U.S.C. 10a - 10d, 19 U.S.C. 2501-2518, and 19 U.S.C. 3301 note).  
 \_\_\_ 252.225-7012 Preference for Certain Domestic Commodities.  
 \_\_\_ 252.225-7014 Preference for Domestic Specialty Metals (10 U.S.C. 2241 note).  
 \_\_\_ 252.225-7015 Preference for Domestic Hand or Measuring Tools (10 U.S.C. 2241 note).  
 \_\_\_ 252.225-7021 Trade Agreements  
 (\_\_\_ Alternate I) (19 U.S.C. [2501-2@518](#) and 19 U.S.C. 3301 note).  
 \_\_\_ 252.225-7027 Restriction on Contingent Fees for Foreign Military Sales (22 U.S.C. 2779).  
 \_\_\_ 252.225-7028 Exclusionary Policies and Practices of Foreign Governments (22 U.S.C. 2755).  
 \_\_\_ 252.225-7029 Restriction on Acquisition of Air Circuit Breakers (10 U.S.C. 2534(a)(3)).  
 \_\_\_ 252-225-7036 Buy American Act - North American Free Trade Agreement Implementation Act - - Balance of Payments Program  
 (\_\_\_ Alternate 1) (41 U.S.C. 10a - 10d and 19 U.S.C. 3301 note).  
 \_\_\_ 252.227-7015 Technical [Data--Come@r-cial](#) Items (10 U.S.C. 2320).  
 \_\_\_ 252.227-7037 Validation of Restrictive Markings on Technical Data (10 U.S.C. 2321).  
 \_\_\_ 252.243-7002 Certification of Requests for Equitable Adjustment (10 U.S.C. 2410).  
 \_\_\_ 252.247-7024 Notification of Transportation of Supplies by Sea (10 U.S.C. 2631).

CLAUSE REFERENCE	DATED	TITLE
DFARS 252.212-7001	(JAN 1999)	(CONTINUED)

(c) In addition to the clauses listed in paragraph (e) of the Contract Terms and Conditions Required to Implement Statutes or Executive Orders—Commercial Items clause of this contract, the Contractor shall include the terms of the following clause, if applicable, in subcontracts for commercial items or commercial components, awarded at any tier under this contract:

DFARS 252.225-7014 Preference for Domestic Specialty Metals, Alternate I (10 U.S.C. 2241 note).

\*\*\* ADDITIONAL CLAUSES \*\*\*

DFARS 252.223-7001 HAZARD WARNING LABELS (DEC 1991)

DFARS 252.225-7002 QUALIFYING COUNTRY SOURCES AS SUBCONTRACTORS (DEC 1991)

DFARS 252.225-7009 DUTY - FREE ENTRY - QUALIFYING COUNTRY SUPPLIES (END PRODUCTS AND COMPONENTS (MAR 1998)

DFARS 252.225-7016 RESTRICTION ON ACQUISITION OF BALL AND ROLLER BEARINGS (AUG 1998)

DFARS 252.225-7025 RESTRICTION ON ACQUISITION OF FORGINGS (JUN 1997)

\*\*\* END OF ADDITIONAL CLAUSES \*\*\*

CHAPTER 3

ACCOMMODATION CHECKS

1. Scope. This chapter provides guidance on the establishment and use of accommodation check accounts.

2. Definitions

a. Accommodation Checks. An alternative to cash, third party drafts and U.S. Treasury checks to be used in instances where the use of the purchase card is impracticable.

b. Accommodation Check Cashier. The person authorized to sign and issue accommodation checks on behalf of the command/activity.

c. Accommodation Check Custodian. The person authorized to order, receive, store, issue, inventory, reconcile and dispose of accommodation check stock.

3. Policy

a. Establishing Accommodation Check Accounts

(1) Prior to establishing an accommodation check account, the command/activity must have an active purchase card program in place.

(2) Requests must be justified in writing and approved by the commander/director of the installation or tenant activity.

(3) A MasterCard Account Set-up Request must accompany the activity request. The request should indicate;

(a) The account should be a White Plastic Account;  
and

(b) The number of checkbooks required by the activity.

(4) The activity request must be submitted to:

Deputy Director of Finance

Headquarters, DFAS

DFAS-HQ-F) Via: Office of Disbursing Management

DFAS, Kansas City, Mo.

(5) DFAS-Kansas City will forward the completed package to the bank for processing.

b. Accommodation Check Use

(1) Accommodation checks may only be used after the command/activity has made every attempt to use the purchase card.

(2) The maximum amount accommodation checks may be used for is \$2,500 (\$10,000 overseas in support of contingencies declared by the Secretary of Defense).

(3) Activities may only appoint ONE accommodation check cashier to sign and issue checks for the command. If the check cashier is also a purchase cardholder the two accounts must be maintained separately.

(4) Activities fielding accommodation check accounts must provide accommodation check cashiers with a safe or locking cabinet for storage of the checks.

(5) Accommodation checks may be mailed so long as internal controls are in place to avoid duplicate payments.

(6) Activities shall establish internal controls to include approval at least one level above the cashier.

(7) An officer or DOD civilian who is independent of the office maintaining the account must audit accommodation check accounts quarterly on an unannounced basis.

c. Financial considerations for use with the accommodation checks.

(1) Activities are responsible for all cost associated with the accommodation check program. Activities must pay 1.25 percent of the check amount for each convenience check issued.

(2) Accommodation check accounts shall be bulk funded.

CHAPTER 4

USE OF THE GOVERNMENTWIDE PURCHASE CARD AS A PAYMENT METHOD

1. Scope. This chapter provides DON procedures for using the purchase card as a method of payment.

2. General. The purchase card is intended to streamline DON's financial management and procurement processes by reducing the administrative burden associated with traditional and emergency purchasing of supplies and services. The Purchase Card Program Reengineering Implementation Memorandum #6 issued by the Deputy Secretary of Defense mandated the use of the purchase card as the payment vehicle for commercial invoices valued at or below \$2,500. For commercial invoices above \$2,500, use of the purchase card as a method of payment is highly encouraged. Memorandum #6 also mandated use of the purchase card as the method of payment for all training requests, using the DD Form 1556, valued at or below \$25,000. The areas addressed in this chapter will provide greater use of the purchase card as a payment vehicle.

a. The cardholder must successfully complete the required training and receive a delegation of authority document in order to use the purchase card as a method of payment as prescribed in Chapter 1 of this instruction.

b. The purchase card may be used as a payment method for contractual instruments when authorized by the contracting officer. The contracting officer may authorize the use of the purchase card as a method of payment for awards issued via ED/ECI systems. When the purchase card account number is required for ED/ECI payment, the cardholder shall ensure that an encryption mechanism is in place to safeguard the purchase card account number.

c. The following policies and procedures shall be followed when using the purchase card as a method of payment. The contracting officer remains responsible to ensure that:

(1) An approved and properly funded purchase request is presented prior to accomplishing a purchase action;

(2) The appropriate purchase instrument is used for the requirement (i.e. BPA, purchase order, contract, delivery order, etc);

(3) The appropriate provisions and clauses are included (FAR 52.232-36 shall be included in all purchase orders, BPAs

NAVSUPINST 4200.94  
29 June 1999

and contracts where the purchase card will be used as the method of payment); and

(4) All contract reporting is accomplished (i.e. DD Form 1057 or DD Form 350).

3. Policy. The purchase card shall be used as a method of payment for the following:

a. Request, Authorization, Agreement, Certification of Training and Reimbursement (DD Form 1556)

(1) The purchase card is the authorized method of payment for all commercial training requests valued at or below \$25,000 using the DD Form 1556. This form is authorized for costs associated with individual and group attendance at training under the following conditions:

(a) The training is an off-the-shelf event, conference, or instructional service available to the general public and priced the same for everyone (i.e. price per student, course, program, service or training space).

(b) The training or financial officer shall ensure block 27 of a properly issued DD Form 1556 cites "payment will be made by the purchase card." Each individual DD Form 1556 can be issued to pay for authorized training up to \$25,000. The DD Form 1556 is not a contracting document and therefore it is not subject to FAR Part 13 requirements, Total Small Business Set-Asides or competition requirements.

(c) Activities shall follow local procedures for obligating funds. All obligations shall be recorded in the activity's financial system prior to issuing the DD Form 1556. Activities are encouraged to issue a purchase card to those authorized to obligate and expend funds using the DD Form 1556.

(d) Prior to forwarding training requests to regional Human Resources Service Centers (HRSC), commands must ensure block 27 of the form also includes detailed cardholder information (cardholder's name, card number, expiration date and telephone number) to allow for processing by the HRSC. For command-specific training not processed through the HRSC, the command has the flexibility to establish local procedures regarding the amount of cardholder information to be included on the DD Form 1556. The purchase card information is covered under the Privacy Act and shall be protected accordingly. All DON employees handling purchase card information are tasked with the proper safeguarding of that information.

(2) Cardholders may use their purchase card to purchase or pay for training developed for and attended by only Navy

personnel (military and/or civilian) not associated with the use of DD Form 1556 up to \$2,500.

b. DOD Printing Requisition/Order (DD Form 282)

(1) All printing or duplication procurement in the U.S. is strictly controlled and must be forwarded to the DAPS which is the authorized agency for DON printing services. Additionally, the Under Secretary of Defense (Comptroller) has mandated that all requests for printing placed with DAPS within the continental United States and Hawaii shall be acquired with the GCPC. Therefore, the purchase card shall be the method of payment for all government printing requests accomplished on the DD Form 282.

(2) Activities may obtain a publication from the local DAPS on filling out the DD Form 282. This publication is entitled, "How to Complete and Submit the Department of Defense Printing Requisition (DD Form 282)".

(3) Cardholder must ensure that the appropriation block of the DD Form 282 reflects that payment will be made by the purchase card. In addition, the cardholder's name and telephone number should be stated in the special instruction/remarks block. Do not include your GCPC number on this form.

(4) Once DAPS completes the printing request, the cardholder will be called to furnish their purchase card account number for billing purpose.

(5) The purchase card may be used to pay for printing/duplication requests/orders up to \$100,000.

c. Simplified Acquisition Methods

(1) Micro-purchases - All micro-purchase requirements, regardless of the simplified acquisition method (i.e., BPA calls, purchase orders) used, shall be accomplished using the purchase card, unless a written determination by a member of the SES, flag officer or general officer is provided in the purchase file. This is required for any award/order valued at or below the micro-purchase threshold that does not use the purchase card on a stand-alone basis or as the method of payment. Exceptions to the written determination are stated in the Under Secretary of Defense memorandum of 2 October 1998. The procedures identified below are for micro-purchase actions as well as actions above the micropurchase threshold.

(2) Purchase Orders (DD Form 1155) - Each purchase order for supplies and services should contain authorization for payment by the purchase card. This includes unpriced orders

NAVSUPINST 4200.94  
29 June 1999

with established ceiling prices. The following procedures are applicable:

(a) The cardholder must have an appropriate delegation of authority letter or SF 1402, Certificate of Appointment. The delegation document shall specify use of the purchase card as a payment method. Cardholder's single and billing cycle dollar limitations should be established to reflect authorization to use the purchase card as a method of payment.

(b) Requisitions for purchase actions for which the purchase card will be used as a method of payment should include the purchase cardholder's name, code and phone number.

(c) The contracting officer shall include in all solicitations and awards in which the purchase card will be used as a method of payment FAR 52.232-26 "Payment by Third Party". This clause provides that the contractor shall make a payment request by a charge to a Government account with the third party at the time the payment clause(s) of the contract authorizes the contractor to submit a request for payment and for the amount due in accordance with the terms of the contract. In addition, the contracting officer must indicate in block 15 of the DD Form 1155, Order for Supplies or Services, that payment will be made by the GCPC and provide the cardholder's name and phone number as payment point of contact.

(d) At the time of the award of the purchase order, the contracting officer should provide the contractor with the appropriate purchase order number and indicate that payment will be made using the purchase card.

(e) When instructed by the contracting officer, the authorized cardholder shall provide the contractor with his/her purchase card number. This can be accomplished verbally, by FAX or via E-MAIL. In any case, the cardholder shall notify the contractor not to charge the account until after performance/shipment take place. Also, the cardholder shall inform the contractor not to reveal their purchase card number on any shipping/packing document.

(f) Payment by purchase card should only be made by the authorized cardholder utilizing his/her own purchase card. In the case of unpriced orders with established ceilings, if the contractor cannot perform in accordance with the established ceiling price, the contractor must withhold performance and notify the contracting officer. This is in accordance with NAVSUPINST 4200.85 (series). If the contracting officer authorizes the additional work/cost, this information should be communicated to the cardholder as authorization to use his/her

purchase card to pay for the additional work/cost. The contracting officer shall issue a modification to the unpriced purchase order to definitize the order. The cardholder must inform the contractor not to charge his/her account until the work is completed.

(g) The purchase card may only be used as a method of payment for properly issued purchase orders up to the Simplified Acquisition Threshold (SAT), presently \$100,000, (or up to \$5 million when using the procedures found at FAR 13.5 for the acquisition of commercial items).

(h) The authorized charges will show up on the cardholder's monthly statement. The cardholder must verify receipt and acceptance of the supplies and/or services in accordance with Chapter 1 of this instruction.

(3) Blanket Purchase Agreements (BPAs) - The purchase card may be used to pay for firm fixed price or unpriced BPA calls issued against BPAs established under simplified acquisition procedures and when the following conditions apply:

(a) The contracting officer shall include in all solicitations and awards (including BPAs) in which the purchase card will be used as a method of payment FAR 52.232-26 "Payment by Third Party." The aforementioned clause requires the contractor to make a payment request by a charge to a Government account with the third party at the time the payment clause(s) of the contract authorizes the contractor to submit a request for payment in the amount due in accordance with the terms of the contract. In addition, the contracting officer shall ensure the BPA, if issued on a DD Form 1155, cites that payment will be made by the purchase card in block 15 or if using the SF 1449, Solicitation/Contract/Order for Commercial Items is used, block 18a indicates payment by purchase card.

(b) Individual calls payable by the purchase card shall not exceed the SAT (\$100,000). If the BPA is established in accordance with FAR Subpart 13.5, individual calls are payable up to \$5,000,000. However, calls for subsistence and calls against the Federal Supply Schedules (FSS) may be paid up to \$100,000.

(c) Persons authorized to place BPA calls must have a Certificate of Appointment (SF 1402) reflecting the appropriate procurement method and individual call limitation.

(d) Prior to placing a BPA call, the authorized caller should receive a valid purchase requisition either in writing or electronically that indicates the purchase card will be used as the method of payment and the name, code and phone number of the purchase cardholder.

NAVSUPINST 4200.94  
29 June 1999

(e) When the BPA caller places the call with the vendor, the BPA caller will provide the contractor with the cardholder's name and telephone number. The BPA caller should instruct the vendor to contact the authorized purchase cardholder for the applicable account information. The cardholder should remind the contractor not to bill the account until after performance/shipment is accomplished. If the BPA caller is also the cardholder, he/she should make the call and provide the information mentioned in paragraph 3(f).

(f) The cardholder should provide his/her purchase card number to the vendor and remind the vendor not to charge the purchase card account number until after service is rendered. In addition, the cardholder must remind the vendor not to include the purchase card number on any shipping/packing document. The notification can be accomplished verbally, via FAX or E-MAIL. The charges will show up on the cardholder's monthly statement.

(g) Unpriced calls may be authorized using the purchase card as a payment method if accomplished in accordance with the NAVSUPINST 4200.85 (series). The BPA caller must establish a firm fixed price ceiling with the contractor prior to placing the BPA call.

(4) LOA - The oral orders placed under this type of agreement shall be paid for by the purchase card and when the following conditions apply:

(a) All LOAs shall be issued in accordance with Chapter 2 of this instruction and all oral orders in amounts greater than the micro-purchase threshold but not exceeding \$25,000 shall be paid using the purchase card as the method of payment.

(b) Cardholders authorized to use this method must complete the required training in accordance with Chapter 2 of this instruction.

(c) Individual cardholders utilizing this procurement method must be appointed as contracting officers on the SF 1402.

(d) Cardholders authorized to place orders against this type of agreement shall follow the procedures in the NAVSUPINST 4200.85(series), enclosure (1), Chapters 4 and 5 regarding solicitation and evaluation of quotations exceeding \$2,500.

d. Non Simplified Acquisition Methods

(1) Delivery Orders issued against FSS Contracts

(a) The FSS contract must authorize the use of the purchase card as a method of payment for oral orders placed against the schedule up to \$9,999,000.

(b) Ordering officers and purchase cardholders acting within their delegated contracting/purchase authority may use the purchase card as the method of payment for orders placed against FSS. A SF 1402 is required for the issuance of written delivery orders. If the individual is a purchase cardholder, a letter of delegation is required.

(c) If an ordering officer is issuing a delivery order on behalf of a purchase cardholder, he/she must first obtain contractor's acceptance of the order and then provide the contractor with the cardholder's name and telephone number. The cardholder should then be instructed to provide the contractor his/her card account information. This can be accomplished verbally, via FAX or E-MAIL.

(d) Ordering officers/purchase cardholders should review FSS contracts to determine if the schedules can meet the Government requirements. If the requirement is \$2,500 or less, the contracting officer/purchase cardholder need only consult one schedule if that contractor can meet the Government requirements. If the requirement is over \$2,500, the ordering officer/purchase cardholder must compare the products/services of at least three schedule holders to ensure they are obtaining the best value for the Government. Additional guidance on using GSA FSS contracts can be found in the NAVSUPINST 4200.85D, Chapter 2.

(2) Basic Ordering Agreements (BOAs) and Orders Under Indefinite Delivery Type Contracts (IDTC) - The GCPC should be the method of payment for firm fixed price orders issued against BOAs and firm fixed price task/delivery orders issued against IDTCs as follows:

(a) The contracting officer shall include in all solicitations and awards in which the purchase card will be used as a method of payment FAR 52.232-26 "Payment by Third Party". This clause provides that the contractor shall make a payment request by a charge to a Government account with the third party at the time the payment clause(s) of the contract authorizes the contractor to submit a request for payment and for the amount due in accordance with the terms of the contract.

(b) The contracting officer should specify in the IDTC/BOA, the point at which each order becomes binding (e.g. issuance of the order, acceptance of the order in a specified

NAVSUPINST 4200.94  
29 June 1999

manner or failure to reject the order within a specified number of days).

(c) Each delivery order should state that the purchase card is the method of payment for individual orders.

(d) The ordering officer, if not the cardholder, should provide cardholder's name and telephone number and instruct the contractor to call upon receipt of the order.

(e) The ordering officer should notify the cardholder, either in writing or via electronic means, that the order has been placed. A copy of the written order should be provided to the cardholder.

(f) After receipt of the order by the contractor, the cardholder should disclose his/her purchase card account number to the contractor and remind the contractor not to bill the purchase card account number until actual shipment of supplies is accomplished or services are rendered.

(g) The cardholder must not change any terms or conditions of the order and should notify the ordering officer immediately if there are any problems with delivery or performance.

(h) The cardholder must verify receipt and acceptance of all items on his/her monthly statement in order to reconcile it accurately.

(i) The ordering officer is responsible for all contract reporting related to the procurement (e.g., DD 1057/DD 350).

(j) Individual orders may be issued and paid up to \$9,999,000.

(k) If oral orders are authorized under the IDTC, it is the ordering officer's responsibility to confirm all oral orders in writing as prescribed in FAR subpart 16.5.

4. Document Preparation. Orders or purchase orders issued which authorize payment by purchase card shall not contain any of the following clauses:

FAR 52.213-1	Fast Payment Procedures
FAR 52.232-8	Discounts for Prompt Payment
FAR 52.232-23	Assignment of Claims
FAR 52.232-25	Prompt Payment

5. Document Distribution. In accordance with normal distribution procedures, IDTC/BOAs/purchase orders copies shall

NAVSUPINST 4200.94  
29 June 1999

not be distributed to the payment (DFAS) office.

NAVSUPINST 4200.94  
29 June 1999

LIST OF PROHIBITED  
AND  
SPECIAL ATTENTION ITEMS

Enclosure (1)

NAVSUPINST 4200.94  
29 June 1999

This information applies to Department of the Navy Agency Program coordinators, approving officials and purchase cardholders with established purchase card programs. For a full explanation, and/or background information on prohibitions referenced in this enclosure, refer to the NAVSUPINST 4200.85 (series), enclosure (1). Not all of the prohibitions found in this enclosure require special approvals. Some may be procured using traditional purchase methods (e.g. purchase orders, BPA calls, etc) and paid for using the purchase card. Detailed procedures for using the purchase card as a method of payment may be found in Chapter 4 of this instruction.

**TABLE OF CONTENTS**

(This is a list of all prohibitions or special approvals related to purchase card buys)

**TITLE**

Advance Payments  
Advertising  
Asbestos and Asbestos-Containing Materials  
Black Oxide Coated Brass Threaded Fasteners  
Buildings or Land, Long-Term Rental or Lease of  
Business Cards  
Cash Advances  
Christmas and Other Seasonal Decorations  
Coffee Pots, Coffee, Refreshments  
Commercial Vehicles, Purchase of  
Commercial or GSA Vehicles, Rental/Lease of  
(Without Drivers)  
Employee Identification Tags  
Federal Information Processing Resources/Y2K  
Fireworks Display  
Fuel, Oil, Services, Maintenance, Repairs  
Hazardous material and Hazardous Waste Disposal  
Incentive Music and Equipment  
Lodging and Meals  
Luggage  
Medical and Dental Care at Civilian Non-Federal  
Sources  
Membership Dues  
Ozone Depleting Substances  
Personal Services  
Pesticides  
Plaques, Ashtrays, Paperweights, and and Other Mementos  
As Give-away Items  
Printing and Duplication  
Purchase from Government Employees or Business Owned  
or Controlled by Government Employees  
Reprographic Equipment  
Sensitive Compartmented Information in Contracts  
Shipboard Habitability Equipment, Including Furniture,  
Laundry/Dry Cleaning and Food Service Equipment  
Transportation, Purchase of  
Travel or Travel Related Expenses  
Uniform Items  
Visual Information (VI) Equipment and Material  
Visual Information-Audiovisual (AV) Production  
Including Interactive Video (IVD) Acquisition  
Visual Information/Acquisition of Commercial Off-the-Shelf  
Visual Information (VI) Productions  
Withdrawal of Tax-Free Ethyl and Specially Denatured Alcohol

NAVSUPINST 4200.94  
29 June 1999

**LIST OF PROHIBITED AND SPECIAL ATTENTION ITEMS RELATED TO  
PURCHASE CARD BUYS**

**Advance Payments**

**General rule:** Except for requirements such as subscriptions for publications (i.e. Navy Times, Federal Contracts Reporter, Commercial Clearing House Inc, etc.) and post office box rentals advance payments are prohibited.

**Advertising**

**General rule:** Unless specific approvals have been obtained advertising contract actions are not authorized in accordance with the Navy Acquisition Procedures Supplement (NAPS).

**Exception:** The Chief of Naval Personnel has authorized an increase from \$1,000 to \$2,500 for the specific media advertising purchase limit for Commanding Officers of Navy Recruiting Districts to commensurate with the current micro-purchase threshold. This authority can not be redelegated and each advertisement is conditioned upon the use of a properly executed DD Form 1535.

**Asbestos and Asbestos-Containing Materials**

**General rule:** Purchase cardholders are not authorized to purchase asbestos or asbestos-containing materials.

**Black Oxide Coated Brass Threaded Fasteners**

**General rule:** Purchase cardholders are not authorized to procure brass or copper alloy fasteners coated with black oxide.

For information regarding this prohibition contact Mr. Scott Stanko, Naval Inventory Control Point, Code 0541, at 717-605-1361; DSN 430-1361 or via Internet: scott\_a\_stanko@icpmech.navy.mil.

**Buildings and/or Land, Long-Term Rental or Lease of**

**General rule:** Purchase cardholders are prohibited from entering into long-term rentals or leases for buildings and/or land.

**Business Cards**

**General rule:** Flag Officers, member of the SES and general officers may authorize the printing of business cards limited to using existing software and agency-purchased stock for those positions that require business cards in the performance of official duties.

**Cash Advances**

**General rule:** Purchase cardholders are prohibited from using their purchase cards to obtain cash advances.

**Christmas and Other Seasonal Decorations.**

**General rule:** Seasonal decorations may be acquired using the purchase card provided local customs and traditions are observed. Purchase cardholders are not authorized to buy Christmas cards.

**Coffee Pots, Coffee, Refreshments**

**General rule:** Unless the purchase of coffee pots, coffee, or refreshments is for an authorized mess, as discussed in NAVSUP Publication 486 Vol-1, Ch1 to Rev 3, and BUPERINST 1710.13 the purchase of these items are prohibited. Purchase cardholders are also prohibited from buying refreshments for other government employees.

**Exceptions:** The use of Official Representation Funds for official entertainment and Center of Influence events involving Navy recruiters are exceptions to this rule. In addition, Navy recruiters are authorized to use the purchase card to buy meals for recruiting applicants as an out of pocket expense.

**Commercial Vehicles, Purchase of**

**General rule:** Purchase cardholders shall not use their cards to purchase commercial vehicles.

**Commercial or GSA Vehicles, RENTAL/LEASE of (Without Drivers)**

**General rule:** Purchase cardholders are not authorized to use their purchase cards to rent/lease commercial or GSA vehicles.

**Employee Identification Tags**

**General rule:** Unless the requiring activity/command determines that use of the identification tags are necessary and in support of mission requirements, activities may not use appropriated funds to purchase employee identification tags.

**Federal Information Processing Resources/Year 2000 (Y2K) Project**

**General rule:** Purchase cardholders should ensure all procurements of IT are Y2K compliant.

**Fireworks Display**

**General rule:** Purchase cardholders may not use appropriated funds to buy fireworks for on ground displays.

**Fuel, Oil, Services, Maintenance and Repairs**

**General rule:** Purchase cardholders are not authorized to purchase fuel, oil, services, maintenance and repairs of Interagency Fleet Management System and GSA Fleet Management Programs (i.e. repair of GSA leased vehicles).

NAVSUPINST 4200.94  
29 June 1999

**HAZMAT and Hazardous Waste Disposal**

**General rule:** Except for commonly-used hazardous material the purchase of HAZMAT by cardholders is prohibited. (See Chapter 1 of this instruction)

**Incentive Music and Equipment**

**General rule:** Except for specifically programmed music, the purchase of music and equipment for broadcasting (inc. radios, automatic record players or phonographic records) for entertainment purposes is generally not authorized.

**Exception:** Specifically programmed music may be purchased based on a written determination by the commanding officer describing how the acquisition would improve morale, benefit the command, etc., and thereby qualify as a necessary expense under the necessary expense rules. This prohibition also does not preclude the expenditure of appropriated funds for the purchase of a public address system required for intra-station communication.

**Lodging and Meals**

**General rule:** Purchase cardholders are prohibited from using their purchase cards for the payment of lodging and meals for employees on temporary duty.

**Exception:** Certain reserve activities are authorized to buy meals for Naval reservists during drill activities.

**Luggage**

**General rule:** The purchase of luggage for employees/service members to carry personal belongings while on travel orders is generally not authorized.

**Exception:** Seabags issued to service members and briefcases, etc., furnished for the express purpose of carrying official documents associated with the duties of the service member or employee.

**Medical and Dental Care From Civilian Non-Federal Sources**

**General rule:** Purchase cardholders shall not use their cards for payment of medical and dental services.

**Membership Dues**

**General rule:** Except for membership dues which solely benefit the agency or activity the purchase of club, association, organization and other related memberships are prohibited.

**Exception:** The use of appropriated funds for membership dues of an activity or agency is permissible if the membership contributes to the fulfillment of the mission of the activity or agency.

**Ozone Depleting Substances (ODS)**

**General rule:** Purchase cardholders are not authorized to purchase ODS materials.

**Exception:** Contracting officer's may use their purchase card as a method of payment provided guidance in the NAPS is strictly adhered to.

**Personal Services**

**General rule:** Unless you have statutory authority purchase cardholders should not contract for personal services using the purchase card.

**Pesticides**

**General rule:** Unless prior approvals are obtained from cognizant Pest Management Consultant at the appropriate NAVFAC division, purchase cardholders are not authorized to contract for purchase of pesticides.

**Plaques, Ashtrays, Paperweights and other Mementos As Give-Away Items**

**General rule:** The use of appropriated funds to buy give-away items such as plaques, cuff links, hats, T-shirts, license plate covers, bracelets, ashtrays, Christmas cards, paper-weights, cigarette lighters, novelty trash cans, key chains and similar items are generally prohibited.

**Exception:** The purchase of give-away items in support of employee recognition programs may be authorized if accomplished in accordance with agency policy.

**Printing and Duplication**

**General rule:** Purchase cardholders are prohibited from buying printing or duplication services from agencies other than DAPS.

**Purchase from Government Employees or Businesses Owned or Controlled By Government Employees**

**General rule:** Purchases from government employees (military or civilian) or from business organizations substantially owned or controlled by government employees are generally prohibited.

**Reprographic Equipment**

**General rule:** The purchase/lease/rental/trial/replacement or change in rental or lease plan of reprographic equipment is not authorized unless the requestor has complied with the requirements of the Navy Reprographic Equipment Program. The requestor must obtain written approval from the cognizant DAPS for all shore copying equipment with speeds of 71 or more copies per minute. (Examples of reprographic equipment are; copiers and high speed copiers, Diazo process equipment, laser printers, and duplicating equipment).

NAVSUPINST 4200.94  
29 June 1999

**Sensitive Compartmented Information In Contracts**

**General rule:** Purchase cardholders are not authorized to enter into negotiations that will include requirements for contractor access to Sensitive Compartmented Information unless the customer has staffed the requirement through Commander, Office of Naval Intelligence, Code ONI-532.

**Shipboard Habitability Equipment, Including Furniture, Laundry/Dry Cleaning and Food Service Equipment**

**General rule:** Except for furniture, laundry, dry cleaning, and food service equipment listed in the following catalogs purchase cardholders are prohibited from purchasing of these items.

Furniture equipment - S9600-AD-GTP-010, U.S. Navy Shipboard Furniture Catalog with applicable changes.

Laundry/dry cleaning equipment - S6152-B1-CAT-010, Navy Laundry and Dry Cleaning Catalog with applicable changes.

Food service equipment - S6161-Q5-CAT-010, The Shipboard Food Service Equipment Catalog with applicable changes.

**Transportation, Purchase of**

**General rule:** The purchase card can not be used to pay for transportation charges.

**Travel, or Travel Related Expenses**

**General rule:** The purchase card can not be used to pay for travel or travel related expenses (i.e. expenses associated with official travel including transportation, lodging, or meals).

**Uniform Items**

**General rule:** Cardholders are not authorized to use appropriated funds to purchase uniform items.

**Visual Information (VI) Equipment and Material**

**General rule:** Per OPNAVINST 5290.1A, Acquisition of professional VI equipment by non-VI activities or personnel is prohibited.

Naval Media Center (NMC)(formerly Naval Imaging Command) is the sole authority for contracting for visual information within the Navy. The POC and policy officer for the Navy Annual VI Production Program administered by Chief of Naval Operations (CNO) (NO9C4) can be reached by calling 202-433-3790 or DSN 288-3790.

**Visual Information-Audiovisual Production Including Interactive Video Acquisition**

**General rule:** Unless approval has been granted from NMC the acquisition of Audiovisual production including interactive

video in the federal Government is prohibited, regardless of cost or application.

**Exceptions:** DON activities may be approved by CNO (N09C4) on a case-by-case basis. Requests for exceptions to this policy will require submission of the approved instructional system development analysis. For major claimant Visual Information Management Offices contact: Visual Information Production Policy Officer, CNO (N09C4) at 202-433-2141; DSN 288-2141.

**Visual Information-Acquisition of Commercial Off-The-Shelf Visual Information Productions**

**General rule:** Unless prior approval from Visual Information Management Office is obtained purchase cardholders are not authorized to procure commercial off-the-shelf VI production. For a list of VI off-the-shelf productions visit the Defense Automated Visual Information System/Defense Instructional Technology Information System (DAVIS/DITIS) located on the Naval Media Centers website: <http://www.mediacen.navy.mil/>.

**Exceptions:** Justification must be submitted to contracting officials in accordance with regulations of the Major Claimant Visual Information Management Office. For major claimant Visual Information Management Offices contact: Visual Information Production Policy Officer, CNO (N09C4) at 202-433-2141; DSN 288-2141.

**Withdrawal of Tax-free Ethyl and Specifically Denatured Alcohol**

**General rule:** The purchase of tax-free ethyl and specifically denatured alcohol is not authorized unless a permit from the Bureau of Alcohol, Tobacco and Firearms has been issued.